



**Incumbent water
companies and the
development of effective
markets**

31 October 2019



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Section 1

Executive Summary

A Introduction & purpose

- 1.1 Ofwat have written to Chief Executives and Regulatory Directors three times since April 2019¹. In these they have asked incumbent water companies to prepare a response covering:
- the development of effective markets covering our Board's support for the development of effective markets, questions relating to the business retail market, questions relating to the market for developer services; and what we are doing to support the development of new markets; and
 - compliance with competition law and charging rules obligations with respect to the self-lay market
- 1.2 The purpose of this response is to reply to each of the three letters from Ofwat. By providing a combined response to all three letters we hope this makes it easier to show the interconnectivity between these topics.

B Our commitment

- 1.3 Thames Water is active alongside many other stakeholders in the provision of water and wastewater services, including non-household retailers, developers and self-lay providers (SLPs), new appointments and variations (NAVs), and third party providers of water resources and bioresources services.
- 1.4 Some of these markets are relatively new and still developing. As a result, some frictions inevitably remain which will need further action to be taken collectively by all players to ensure these markets can reach their full potential in delivering benefit for customers.
- 1.5 Thames Water is committed to playing its part in maximising benefits for customers, particularly in relation to the business retail market. We are aware there are further steps that we need to take to improve our own performance and we are addressing these as a matter of priority. This includes being aware and taking seriously both our Competition Act 1998 and our regulatory licence obligations.
- 1.6 The business retail market opened on 1 April 2017. We made the decision to exit the retail market which involved contacting all non-households in the Thames Water area to explain that

¹ Letter 1 – 29 April 2019 to Regulatory Directors from Emma Kelso, Senior Director at Ofwat on 'Compliance with competition law and charging rules obligations with respect to the self-lay market for new connections'
Letter 2 – 28 May 2019 to Chief Executives from Rachael Fletcher, Chief Executive at Ofwat on 'Incumbent water companies and the development of effective markets'
Letter 3 – 16 September 2019 to Chief Executives from Emma Kelso, Senior Director at Ofwat on "Incumbent water companies and the development of effective markets"



they would be transferred to the acquiring retailer (Castle Water) or they could choose to switch to any other retailer in this new market. This choice means that there is no specific business retailer associated with Thames Water.

- 1.7 We summarise below our progress towards making a real difference in three key areas: business retail, developer services and emerging markets.

C The markets

The business retail market

- 1.8 We chose to exit the business retail market, and this underpins our commitment to a level playing field for all retailers. As well as stimulating customer switching, this has led to early exposure of data and other market challenges at a significant scale that will drive improvements for customers.
- 1.9 We recognise that although the retailer is the primary point of contact for non-household customers, we have a direct relationship with customers ourselves when it comes to operational services, for example, water quality and/or unplanned events/incidents.
- 1.10 High levels of switching - a key measure of the success of the non-household retail market is that non-household customers are aware of and easily able to switch retailer when they want. In the Thames Water geographic region we have, at 131 switches per 1,000 supply point identifiers, a higher rate of switching than any other WASC area².
- 1.11 There is still more to do to ensure that this market operates efficiently and effectively to provide best value overall to customers. We play an active part in supporting the forward development of the market. For example, we are an active member of the main Retailer Wholesaler Group (RWG), chairing two RWG sub-groups, which was recognised in Ofwat's Call for Inputs (CFI) Outcomes Report³ for its work on creating guidance documents for the market. These support the strengthening of wholesaler performance and service in the business retail market.
- 1.12 Furthermore, we are the wholesaler representative on the MOSL sponsored Bilaterals Project Steering Group. Within this group we are active in working constructively and collaboratively to improve how wholesalers and retailers interact.
- 1.13 We are also conscious of improvements we must make in our current performance. In our 2020-25 Business Plan, we put forward a Retailer Measure of Experience (R-Mex) performance commitment aligned to our aim of delivering an effortless customer experience for retailers.

² Based on information supplied by MOSL

³ <https://www.ofwat.gov.uk/wp-content/uploads/2019/06/Final-CFI-Outcomes-Report-Jun19.pdf>



- 1.14 We are committed to delivering against our two initial performance rectification plans (IPRPs), which are around improving our operational performance standards.
- New connections notification - performance has improved to 57.8% in August 2019
 - Late meter read submission - performance has remained relatively consistent, increasing by 3% since the introduction of our IPRP in September 2018
- 1.15 There are also more specific market challenges such as dealing with long unread meters where we are playing our part to ensure 95% of meters are readable by Retailers; writing to vacant properties asking them to contact their retailer; and ensuring market performance data is accurate, reliable and consistent across the industry. All of which we are tackling to support both customers and retailers and further develop the market.

Developer services (new connections and NAVs)

- 1.16 Large increase in activity by self-lay providers - we have been working hard with developers and self-lay providers (SLPs) to promote choice and encourage the market to flourish. Through our efforts we have seen a large increase in new connections carried out by SLPs, rising from 2.4% in March 2016 to 22.8% in March 2019, as a proportion of total properties connected. If we look at the market share of new mains built, as measured by length of main installed, then we get a much higher market penetration by SLPs - 56% in 2018/19. We believe that this shows how our pragmatic approach has underpinned the development of this market in our region.
- 1.17 We have been active in the recent consultations for proposed changes – Code for Adoptions (Water and Waste), D-MeX and New Connections Charging for April 2020. We recognise that these structural changes to the regulatory regime will yield competition benefits for the market.
- 1.18 In mid-2018 we recognised that the industry wide Water Code for Adoption Programme did not have sufficient resources to move it forward in the right way, so we provided a full-time resource to support the Water UK Programme last year. In addition, we have been active participants for the Waste Code for Adoption Programme.
- 1.19 We have also been an active participant at Water UK when discussing D-Mex amendments and improvements to levels of service to support the quantitative metric.
- 1.20 Progressive development of charging arrangements - with regards to new connection charging, after the new charging rules for 2020 were published, we ran a workshop with developers, SLPs and NAVs to discuss what the changes would mean in our region and to seek early input from them on topics that were later included in our formal consultation. Subsequently, we are planning to make changes to our charging arrangements, such as separate application and design costs from connection and pipelaying charges.
- 1.21 These are some of the proactive steps we are taking to support the effective operation of the new connections market and provide best value overall to customers.
- 1.22 Highest number of properties supported by NAVs in Thames Water region, with over 36,000 properties served by insets in Thames' area, amounting to over a third of the total number of customers supplied through this route in the UK.



Emerging markets – water resources, bioresources and direct procurement

- 1.23 Strong advocates of new markets - water trading is an established activity and Thames Water has a long and active history of trading with third parties. We have agreed trades for abstraction capacity, providing benefits to customers and the environment. We are also actively involved in developing the market for strategic water resources, working closely with other water companies, regulators and other parties to prepare proposals, review challenges and create solutions to benefit customers and the environment regionally and nationally.

Our involvement in water markets is further supported by our comprehensive and sector-leading suite of information and tools for entrants. For example, our Bid Assessment Framework (“BAF”) and approach to Direct Procurement for Customer were recognised as “high quality” and “best practice” by Ofwat.

- 1.24 The wastewater market (including bioresources) is less mature than the water market. Ofwat has praised our plans for bioresources trading, where we are working with neighbouring appointees, specialist technology suppliers and other Organic Waste treatment operators to identify potential opportunities for trade. An example of this is our project with a biogas company to explore whether we can inject gas from our Deephams wastewater works into the national grid.
- 1.25 We also recognise the challenges faced in developing the bioresources market. For example, in 2011 the Office of Fair Trading (OFT) produced a report on the opportunities for introducing markets for sewage sludge treatment and recycling in the water industry⁴. The OFT report suggested that inter-company trading could be economic for any companies with a neighbouring WASC within 50km of their boundary. This highlights the significance of proximity and transportation in developing this market.

D Conclusion

- 1.26 Well-functioning markets can help deliver better outcomes for current and future customers in the form of lower prices, better quality and more tailored services and greater choice (of services and service-providers). We recognise that we (and other incumbent water companies) share in the responsibility for developing effective markets and the governance and administrative architecture to support them.
- 1.27 Overall, we hope our response demonstrates our commitment to ensuring that markets operate efficiently and effectively; and that we recognise further improvements are necessary in order to provide best value to customers. For example, by learning from our experiences in one market (e.g. the connections market) and considering their application in another (e.g. the business retail market).
- 1.28 We set out in Annexes A to D further evidence of our support for development of effective markets, structured in line with each question of your information request, including further detail of actions we have taken, and actions we plan to take.

⁴ https://webarchive.nationalarchives.gov.uk/20131101203833/http://www.ofwat.gov.uk/shared_ofwat/market-studies/ofwat1372.pdf



Section 2

Detailed responses

A Annex A: Board Support for development of effective markets

Q1: Please provide a description of how your Board engages in and discusses plans for the company’s work to support the development of markets. For example, is there a designated Board Committee, is there a designated part of the agenda for regular Board meetings dedicated to discuss this? How does the Board ensure that staff have the time they need to be able to raise any issues, get the support and resources they need for work concerning the development of markets?

2.1 To understand how our Board supports the development of effective markets it is necessary to first understand our Board and Executive structure. Tone from the top is essential and our governance structure ensures that our Directors retain ownership for the overall strategic direction and development of our Business, which includes support for the development of effective markets.

Table 1: Simple overview of Thames Water governance structure

<pre> graph TD Board[Board] <--> Sub[Board Sub-Committees] Sub <--> Exec[Executive Team] </pre>	<p>Our Board has a majority of independent non-executive Directors. We have a mix of skills and experience which we believe is appropriate in order to balance the needs of customers, the environment, shareholders and other stakeholders.</p> <p>Our Board sub-committees also have a majority of independent non-executive Directors. Each sub-committee deals with a specific topic, or topics, on behalf of the Board and they report back to the Board. This may be because the topics require more dedicated time and resource enabling the full Board to spend their time more efficiently. The sub-committee members are chosen because they have the requisite knowledge and experience to challenge, and therefore contribute as required to the relevant committee.</p> <p>Our Executive Team is responsible for the day-to-day running of the business and is made up of two Board Directors as well as seven functional directors.</p>
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Source: Thames Water



- 2.2 In our 2018/19 Annual Report and Annual Performance Report we reported on six Board sub-committees which underpin our commitment and support of the principles set out in the UK Corporate Governance Code⁵ and Ofwat's Governance Principles⁶. These sub-committees are:
- Audit, Risk and Reporting Committee (ARRC)
 - Regulatory Strategy Committee
 - Remuneration Committee
 - Nominations Committee
 - Customer Service Committee
 - Health, Safety and Environment Committee
- 2.3 Although there is no sub-committee focussed on the development of markets, when the need arises we establish additional sub-committees or sub-committee meetings. For example, to support the introduction of the non-household (NHH) retail market we put in place additional ARRC meetings. Furthermore, through our Planning, Interim and Final Letters of Assurance to Ofwat we were able to demonstrate our Board's management and control over our NHH competition readiness programme.
- 2.4 Altogether our Board, Board Sub-Committees and Executive Team retain ownership and accountability for supporting the development of effective markets.
- 2.5 Our Directors have also used a "deep dive" process consisting of one or more Board members meeting with and challenging management and business experts directly. For example, during the preparation of the 2020-25 Business Plan a deep dive was undertaken and reported back to our Board on Water Resources.
- 2.6 Most recently, as part of our 2020-25 business planning activity we established a new Board sub-committee, the Strategy and Business Planning Committee (SBPC). SBPC provided strategic direction and oversaw the development of our proposed AMP7 Business Plan. This included the refinement and enhancement of our Bid Assessment Framework in support of water markets. Furthermore, we were one of only six companies⁷ who put forward Direct Procurement for Customers schemes and the only company with more than one scheme in our September 2019 AMP7 Business Plan.
- 2.7 For Developer Services and NAVs, the setting of tariffs and charging is clearly very important. These are prepared in line with charging rules with the direction that they should be cost reflective. To give this sufficient time and attention our Board established a dedicated sub-group⁸ to review and approve these. In the case of new connections they sign, on behalf of the

⁵ <https://www.frc.org.uk/getattachment/ca7e94c4-b9a9-49e2-a824-ad76a322873c/UK-Corporate-Governance-Code-April-2016.pdf>.

⁶ https://www.ofwat.gov.uk/wp-content/uploads/2015/10/gud_pro20140131leadershipregco.pdf.

⁷ The other companies who put forward DPC schemes were Anglian, Severn Trent, Southern, South West and United Utilities.

⁸ A Board sub-group is a Director led group which is not a constituted sub-committee



Board, a Statement of Assurance⁹ which includes full consideration of our obligations under competition law.

- 2.8 We also have an established Enterprise Risk Management (ERM) framework, which is documented and reported on in our Annual Report and Annual Performance Reports. This has included both compliance with Competition Act (on our legal register) and, for example, market readiness for the non-household market opening. Our ERM approach includes reporting and monitoring on risks and mitigating actions through our Executive Team, into ARRC and ultimately Board.
- 2.9 In addition to formal meetings, a monthly Thames Water Group Management Report is produced by the Executive Team and shared with the Board. This contains regular reporting on the performance of our business as well as updates on pertinent topics, risks and issues. For example, from Open Water and the competitive NHH retail market to developer services and the connections market.
- 2.10 Furthermore, we have subject matter experts within the business with specific remits for supporting and developing markets such as our Market Development Manager, Water System Strategy Manager, Sludge Manager and Head of Commercial Strategy & Insight. Our reporting structure subject matter experts through to Executive Team members allows for topics or issues to be raised into our Board Sub-Committees or Board as required.
- 2.11 Should anyone in Thames Water, our partners, stakeholders or customers have a concern over our activities then – in addition to our complaints process - we have both internally and externally available whistleblowing lines. Both our independent external partner [REDACTED] or our Business Integrity Team can be contacted in confidence and anonymously to report suspicious behaviour. A summary of cases and key investigations are reported to ARRC for review and consideration.
- 2.12 We believe our Board and governance approach encourages positive market behaviours and ensures there should be – and has been - sufficient time available from our Directors for our Executive Team and staff to enable them to raise any issues, get the support and resources they need, not least for, the development of markets.

⁹ Connections services – Assurance statement <https://developers.thameswater.co.uk/-/media/Site-Content/Developer-Services/New-connections-charging/Charging-Arrangements-Board-Assurance.pdf?la=en>



B Annex B: Business Retail Market

Q1. As the provider of wholesale services in the business retail market, what action do you take to understand the experiences of end customers in consuming these services? (For example, concerning the ease and speed with which end customers may – including via their retailer – request and receive meter installation, meter repairs, data logging services, decisions on leakage allowances, non-return to sewer allowances, permissions and permit concerning water supply and trade effluent services, disconnection or change of tenancy notification).

- 2.13 Our current approach reflects the principles set out in the Wholesale Retail Code that the retailer is the primary point of contact for non-household customers, except in the cases of unplanned events or incidents. We set out below how we receive feedback from non-household customers relating to unplanned events and incidents. In general, we do not receive feedback directly from non-household customers relating to planned services as the retailer is the lead contact in these circumstances. We obtain feedback from retailers in via a number of channels as set out in our response to question B16.
- 2.14 In addition, we have an established team to manage complaints for all customers that we provide services to and, as well as addressing the specific complaints received from non-household customers via their retailer, we carry out detailed root cause analysis and case reviews to improve service.
- 2.15 We also carry out research with non-household customers for the purposes of building our longer-term plans. Our recent submissions for PR19 built on this detailed research¹⁰ with both household and non-household customers and we have set out some more details below. In addition, to develop our PR19 plans, we carried out direct research¹¹ with our retailers about their priorities. As this was carried out during the early days of the market, responses focused more on the basics that retailers need, such as improved data and easier ways to submit and track service requests. As Chair of the working group, we are leading industry work on developing a Retailer Measure of Experience to make sure we are getting regular, standardised feedback to help us to improve our services to retailers and their customers.

Feedback from customers on unplanned events or incidents

- 2.16 The primary channel for non-household customers experiencing any unplanned event is for them to call our wholesale service centre. We provide services directly to non-households and households 24 hours a day, 365 days a year, wherever a customer experiences problems with their water or wastewater services. In this respect we are neutral to whether the end customer is a householder or a non-household.
- 2.17 In these instances, we include such customer contacts in our monitoring to help us to better understand and improve our services.
- 2.18 We receive feedback from our non-household customers via our ongoing Transactional Customer Satisfaction Surveys (conducted using the Rant & Rave tool). Surveys are sent

¹⁰ <https://corporate.thameswater.co.uk/-/media/Site-Content/Thames-Water/Corporate/AboutUs/Our-strategies-and-plans/PR19/Appendix-2-Engaging-and-delivering-for-our-customers.pdf>

¹¹ <https://corporate.thameswater.co.uk/-/media/Site-Content/Thames-Water/Corporate/AboutUs/Our-strategies-and-plans/PR19-April/What-customers-want---April-2019.pdf>



following interactions with non-household customers on a number of key operational customer 'journeys' including:

- No Water
- Low pressure
- Visible Leak
- Customer side leak
- Water quality
- Blockage
- Flooding
- Smell and rats

2.19 The feedback received from these surveys provides us with customer experience performance data to better manage our operations and identify focus areas for improvements. We use the feedback in our 'inner loop' activities, where customer-facing teams intervene to recover customer issues and individual employees are coached to improve the service they offer, as well as our 'outer loop' activities, where we use customer feedback and operational data to understand root cause, fix systematic problems and prioritise investments.

2.20 We don't currently isolate the views of non-household customers for these operational customer journeys as the learning applies across all our different household and non-household customer segments.

'What customers want' non-household customer research

2.21 In forming our longer-term plans we have engaged with all segments of our customer base, including non-household customers. Our PR19 documents set out details of how we carried out this engagement and how we ensured quotas that would reflect the diversity of our customer base.

2.22 We have included in our evidence pack the Non-household and Developer Services pages of our detailed 'What Customers Want' document – submitted as part of the PR19 process – which summarise the needs and expectations of these segments, based on the research and insight gathered during the business planning process.

2.23 Non-household customers' needs and expectations are generally similar to household customers but they are particularly likely to be concerned about service failures as it potentially impacts service and costs them loss of trade and customers.



- Regarding service failures, non-household customers expect proactive contact, an explanation, an apology and higher levels of compensation. They expect that more could be done to identify vulnerable businesses (e.g. Hospitals) and put in place enhanced communications and emergency provision
- Non-household businesses operating in sectors using machinery and appliances affected by hard water are concerned about the impact on their operating costs. There may be benefits in providing tailored advice for high volume water using businesses that are particularly affected by hard water
- A constant supply of water and good water pressure is very important for some non-household customers, where water is integral to their operations, and sufficient flow is necessary for operations to be completed in a timely and effective way
- Some non-household customers report having been adversely affected by leaks around their premises causing inconvenience to themselves and their customers
- Large businesses say restrictions such as emergency drought orders would have a significant impact on their business operations and temporary bans could have an impact depending on what is banned and how long it goes on for. They say a resilient and reliable water supply is important and they would pay to improve resilience and reduce the risk of water use restrictions, they prioritise water resource options which would provide large amounts of water, offer a long term solution and are not energy intensive
- Non-household customers are keen to see improvements in leakage and sewer collapses but show concern with disruption that roadworks would bring
- Non-household customers are concerned with river habitats and related pollution incidents, recognising pollution from industry, overflows from sewers and fly-tipping as key pressures
- Service areas where non-household customers' willingness to pay values have a stronger influence than household customers are supply interruptions and water restrictions involving a non-essential use ban (i.e. non-domestic uses of water), and areas where they have a lower influence are odour and water restrictions involving a hosepipe ban



Q2: Please outline and provide relevant evidence on the extent to which you monitor, contribute to and participate in the work of the Industry Panel (including relevant Committees and working groups).

2.24 Our strategy for engaging in the NHH retail market includes how we want to be seen through our market engagement:

- We are a company that cares about customers and the success of the market
- We want to be a valued and constructive contributor in all market forums and directly to involved stakeholders
- We aim to be helpful and good to work with
- All our communications, publications and engagement are commercially clear and straightforward
- We are diligent in following the market codes and the principles within, with similar expectations of others

2.25 As one of the larger Trading Parties, within this strategy we recognise the importance of the role we play in supporting the development of the market,

2.26 As a large wholesaler, with market expertise, we will share our knowledge and commit resources appropriately to support making the market a success. We have released people to serve on Panel and sub-committees, as well as other market groups, remembering the important point also set out in our strategy that:

“NOTE: All elected members of the Code Panel or its sub-committees must work in the interests of the market, not as representatives of their employers.”

2.27 We have released resource to serve on Panel and its sub-committees;

- The Panel (current member, re-elected)
- Market Performance Committee (current member)
- Trading Disputes Committee (current member)
- Credit Committee (current member)
- Trade Effluent Issues Committee (previous member, no longer current)
- GDPR Committee (previous member, no longer current)

2.28 In order to help resolve some of the longstanding issues within the market we were keen to assist as much as possible on the recently established MPOP Working Groups. We nominated representatives for all these groups and are now members of:

- MPOP Vacancy working group
- MPOP Meter Rejection & Asset Data working group.

2.29 We have provided an independent, Panel-elected Wholesale member of the recently established Bilaterals Steering Group



2.30 We also fully support the work of the Retailer Wholesaler Group (RWG) :

- R-MeX group (chair)
- Vacancy Group (chair)
- Policy Group (member)
- Gap Site Incentive Group (member)
- Eligibility group (member)

2.31 In terms of wider market engagement, we have regularly presented at the User Forum and ensure we participate in the majority of the meetings. We are also a member of the Accredited Entities Panel.

Q3: Please explain how, in making decisions about how to respond to relevant industry consultations on code change proposals, you balance or reconcile your commercial interests with those of the market as a whole, where possible, citing examples.

2.32 As the wholesaler with the largest volume of SPIDs in the NHH Retail Market, changes which are made in the market can have a significant effect upon Thames Water, and can either directly or indirectly impact the non-households and households that we provide services to, for example through changes to future bills. We take this into account when responding to consultations, so that the impacts of any proposed changes are clear to enable informed decision-making.

2.33 For the majority of changes the primary focus of our responses is on improving the effective and proper long term functioning of the market which can have larger scale benefits to end customers. This would include, for example, encouraging new entrants to the market.

2.34 Since the market opened in April 2017 Thames Water has been the 'Proposer' for three change proposals, each of which has been focused on benefits to the market as a whole and to end customers. Each change had widespread support across different classes of Trading Party and were approved as code changes.

- Clarification of Unsecured Credit allowance - ensured level playing field for Retailers without a Parent Company Guarantee and those who do, particularly enabling smaller New Entrant Retailers to enter the market and stimulate competition and benefits for customers
- Requesting a new connection SPID or entry change of use SPID when the retailer is unknown – enabling SPIDs to be registered in a timely way and allow Retailer allocation to function correctly as set out in the Code
- Removing Processes A1-A5 of the Operational Terms for New Connections – to avoid potential distortion of other functioning markets and provide a better choice for customers in the provision of new connections services for Non-Household Premises

2.35 Taking the entire quantity of Code Change proposals consulted upon since the market opened, Thames Water has supported the vast majority of changes (91%).

2.36 Examples where this may be counter to our commercial interests include:



- Supporting the charging of MPS failures in the agreed timescale despite understanding that due to Thames Water's number of and performance of completing tasks, this would increase the burden on the business
- Supporting the inclusion of OPS measures within the Performance Resolution Process as a way to drive better performance in the market, despite Thames Water being the worst performer in the market
- Supporting Alternative Eligible Credit Support, despite the potential increased risk on cash for a wholesale business
- Supporting use of performance fines for specific improvement projects to benefit business customers, rather than redistributing to Trading Parties

2.37 We have only submitted comments opposing any changes where we believe that the proposal is not in the interest or benefit to end customers, or felt that additional governance is required to ensure that the codes are operated in an orderly fashion for the benefit of customers. In total we have opposed five change proposals.

2.38 Examples include:

- Opposing the proposal for Alternative Eligible Credit Support in its original form, as the proposal was too narrow in its application and overly complex for all parties. In parallel we voluntarily introduced our own simple credit floor arrangement, variants of which have since been widely offered by wholesalers. We supported the later revised proposals that have been implemented into the Code
- Opposing the proposal mandating Bulk Submissions of Service Requests, on the grounds that without appropriate governance the change as proposed is likely to lead to significantly less efficient end-to-end delivery of services and delays to resolving issues for business customers

2.39 We recognise that the job of the Codes Panel in considering the impacts, benefits and costs of change proposals can be a difficult one in the absence of well evidenced comments being submitted by Trading Parties. During 2018, we suggested an approach to improve the scope of the impact assessment included for assessing change proposals to more consistently consider positive and negative impacts for business customers alongside the market focused impacts, such as the impact on market systems. This was not able to be taken forward at the time but could be revisited to aid decision-making that focuses more on business customers.

2.40 We strongly support a well resourced Market Operator who is able to analyse and provide the deep insight into the changes proposed and potentially required to drive a market that delivers ever greater long term benefits to end customers.

Q4: Have you developed your company's strategic approach to participation at the Industry Panel (including relevant Committees and working groups)? To what extent has it been discussed or approved by your Board? Please provide relevant evidence to support your response (such as Board papers).



2.41 We recognised that as the largest wholesaler in the NHH Retail market it would be important for us to support the development of the market through engaging with formal and informal groups. Once we moved beyond the initial focus on market opening, we developed our market engagement strategy which was formally agreed by our Non-Household Market Steering Board (NHHMSB) in September 2017¹². This is referenced further in our answer to Q2.

2.42 The members of our NHHMSB were:

- Wholesale Water Managing Director (MD) - on behalf of Wholesale Water and Wholesale Wastewater
- Group Chief Finance Officer (CFO)
- Chief Information Officer (CIO)
- Head of Wholesale Market Services
- Head of Strategy (Group) / Head of Economic Regulation (alternating)
- Household retail representative: Retail Chief Finance Officer

2.43 The Terms of Reference from our NHHMSB¹³ are attached.

2.44 The underlying principles of Thames Water's initial focus and priorities for the early stages of the NHH market were defined as

- A stable market – we will seek to minimise unnecessary market change, focusing on material issues, to facilitate operational stability. This will give the space for us and other market participants to iron out early market problems and close existing data or systems concerns
- A learning market – in the short term we will focus on working with our Retailer customers and others, consolidating learning and reducing complexity to make things work well for a successful market
- An open market - we will work in an open and collaborative way with Retailers and other stakeholders to help us all to best understand how the market can focus on delivering an efficient, self-regulated market in the interests of customers. As a large wholesaler, with market expertise, we will share our knowledge and commit resources appropriately to support making the market a success

2.45 In line with the third principle we have made resource available to help the market succeed across the key committees where our expertise lies. All our participants act in the interest of the market to benefit customers and do not focus on the needs of Thames Water. This important distinction of role was detailed for our NHHMSB prior to its approval of the engagement strategy:

“Note: all elected members of the Code Panel or its sub-committees must work in the interests of the market, not as representatives of their employers”¹⁴

¹² TMS_AnnexB_Q4_Market Steering Board meeting 25 Sep 2017 Engagement plan full pack.pptx and TMS_AnnexB_Q4_NHHMB 20170925 - Minutes.docx

¹³ TMS_AnnexB_Q4_NHH Market Steering Board ToR.pptx

¹⁴ In the NHHMSB Terms of Reference



2.46 The details of our participation in the Panel committees and groups and strategy are detailed in the answer to Q2.

Q5: Have you been subject to an Initial Performance Rectification Plan (IPRP) at any point since they were initiated? If so, what measures did you take to understand the root causes for your underperformance, what activities did you undertake to address this and how has your performance changed since going on the IPRP?

2.47 We have been the subject of Initial Performance Rectification Plans for two Market Performance Standards (MPS):

- MPS3 new connections notification – Receipt by the Market Operator of a T107.W (Submit Notification of Connection Complete) within five (5) BD of the Effective from Date contained within the transaction, for activities undertaken by the Wholesaler. This applies to the “New” and “New – No Retailer specified” connection type only¹⁵
- MPS7 late meter read submission – The T104.W (Submit Meter Details) or T105.W (Submit Meter Read) or T117.W (Submit Meter Exchange) is received by the Market Operator within five (5) BD of the meter read date contained within the transaction in respect of I and F reads, for activities undertaken by the Wholesaler. This standard applies to meters with a Meter Treatment type of Potable, Non-Potable or Sewerage¹⁶

MPS3

2.48 For MPS3, we entered an IPRP from March 2019 to August 2019¹⁷. In that period we improved performance in line with our IPRP, but as this remained below the market average, we were requested to submit an extension and submitted this during October 2019.

2.49 Root causes identified at the time of the IPRP included;

- Input of Waste only connections. 48% of Thames Water’s transactions sent into the market for MPS3 from December to February were related to new waste connections. This was the result of a backlog that built due to the failure of the Water Only Wholesalers to inform Thames Water of the Water connection being live in the market. Because of this backlog Thames Water began a Data Project to input these Waste Connections. As Thames Water must use the connection data provided with the new Water connection (input by the Water only Wholesalers), Thames Water failed the MPS3 SLA
- Manual data handling process. The process for getting data into the market involved 3 teams and would take the full 5 business days

2.50 We put the following activities into place to manage the root causes of failure;

¹⁵ CSD0002 Market Performance Framework V6.0, page 26

¹⁶ CSD0002 Market Performance Framework V6.0, page 30

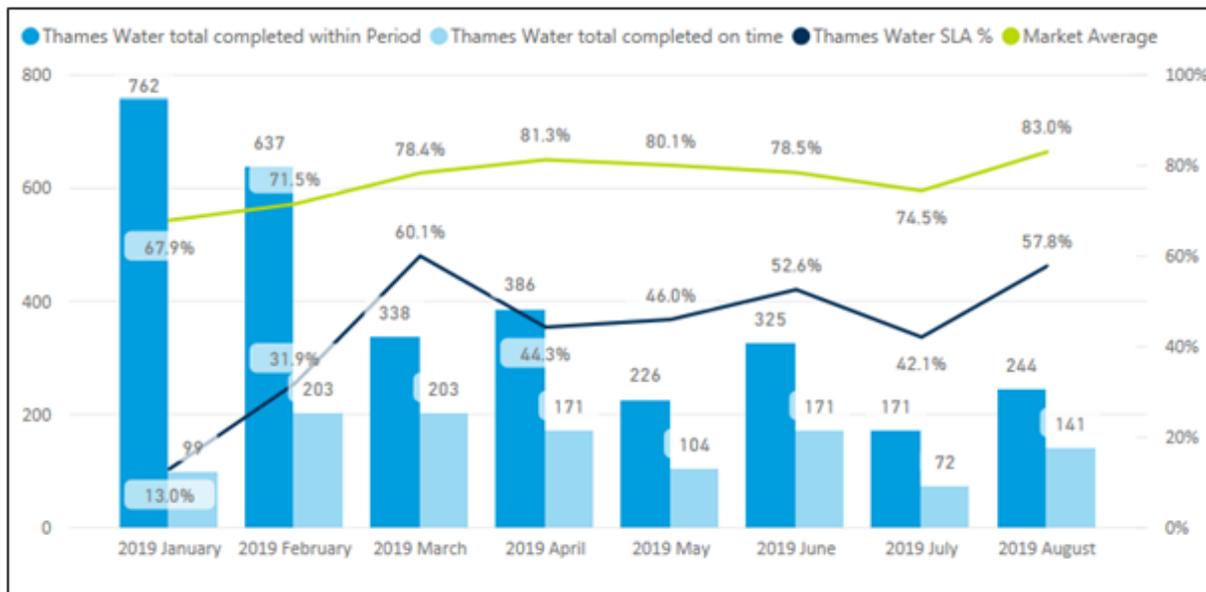
¹⁷ TMS_AnnexB_Q5_ MPS3



- Process review to reduce handling time of data to 4 business days to allow for any potential handling failure
- Set up of the MPS working group to discuss failures, and actions to improve failures

2.51 Performance has improved to 57.8%¹⁸ in August 2019.

Figure 1: Thames Water’s performance for MPS3 January 2019 – August 2019 against the market average.



Source: Data is from the Market Operators published Market Performance Standards peer report.

2.52 Since our IPRP for MPS3 we have improved performance from 13% (in January 2019 when the IPRP was requested) to 57.8% in August, 2.2% below our forecasted performance of 60% in August 2019.

2.53 Our IPRP extension for MPS3 was submitted to MOSL in October 2019¹⁹ in which we have;

- Committed to fixing a report error, which was preventing New Connection data getting from the field to the office in 1BD
- Committed to the introduction of additional design team checks, which aims to resolve an issue causing NHH premises flowing through Thames Water’s process/systems as Household premises. Once these had been identified they had failed their SLA, before input into the market

2.54 We expect the combination of these commitments to improve our performance reaching 83% by March 2020

¹⁸ MOSL MPS – Peer Report

¹⁹TMS_AnnexB_Q5_IPRP_2019-10-22_THAMES-W_MPS3_IPRP-submission



MPS7

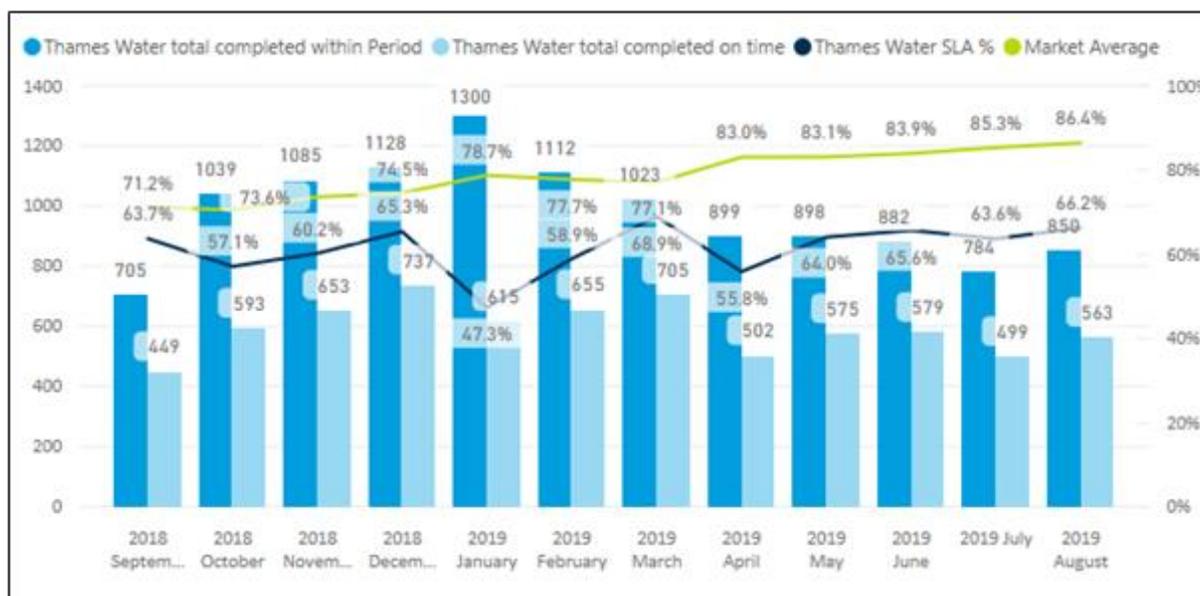
- 2.55 For MPS7, we entered into an IPRP from September 2018²⁰ to February 2019, following completion of this period, we have since entered into an extension and committed to a second IPRP.
- 2.56 Our IPRP was requested for MPS7 because of our performance against the measure being below the market average for 3 consecutive months. The root cause of failures identified at the time for MPS7 were;
- The lack of required knowledge of the source of meter reads into the market
 - Manual data handling process
- 2.57 Activities defined within the IPRP to tackle underperformance included;
- Performance Insight reporting
 - MPS Performance Improvement Planning. We worked with individual business units to build improvement plans for their areas, to tackle issues around manual data handling, namely elapsed time to deliver data onto the next step
- 2.58 We had forecasted for performance to increase during the period of our IPRP to 70%, and by February 2019 MOSL had recorded our performance at 58.9%. As performance was still below the market average, MOSL requested and we agreed an extension²¹ on our original IPRP. As part of the investigations for the extension, we found further issues impacting performance such as;
- C-Process related meter reads failing due to using an old meter read
 - New Connection meter reads failing due to delay in getting information into CMOS
- 2.59 Following the MPS7 IPRP we put together a working group, bringing together the internal stakeholders responsible for delivering the transactions, so that failures are regularly discussed and understood and performance against the IPRP is monitored.

²⁰ TMS_AnnexB_Q5_FINAL 091018_Performance_Rectification_Plan_THAMES-W.xlsx

²¹ TMS_AnnexB_Q5_MPS7 IPRP May19.xlsx



Figure 2: Thames Water’s performance for MPS7 September 2018 – August 2019 against the market average.



Source: Data is from the Market Operators published Market Performance Standards peer report

2.60 MPS7 performance has remained relatively consistent, increasing by 3% since the introduction of our IPRP in September 2018.

2.61 Since we have been placed on these plans, we have undertaken the following;

- Increased visibility of MPS measures across the business
 - Generated an MPS report in Power BI to calculate performance daily
 - Created an MPS peer comparison report, to provide a view on performance against market average
- Engaged with all relevant teams for submission of data impacting associated measures
- Created a working group that meets fortnightly to discuss performance against measures, and progress against actions to improve performance
- Undertake regular analysis of failures to identify areas for improvement, which have identified issues such as;
 - Self-lay providers provision of new connection data
 - Input of historic data as part of project activities
 - Manual process for data handling
 - Error in data transfer
- Agreed actions to improve performance
 - Accounting for data improvement project impacts
 - Process review
 - Alignment of Accountable and Responsible data managers
 - Fix to report that created an error in data transfer



- Developed new performance management frameworks

Q6: Where an IPRP has been put in place for your company, has your Board discussed your IPRP? Please provide relevant extracts of Board papers that document any such discussions.

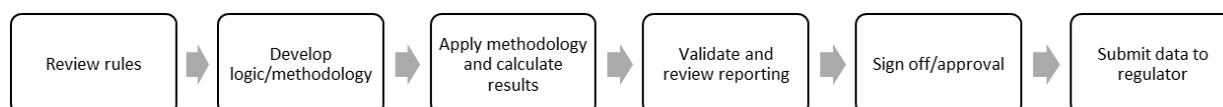
- 2.62 The executive member with responsibility for Market Performance is our Thames Water Customer Experience Director who regularly reviews market performance with her leadership team²², as well as reviews being carried out by the Customer Operations Management Team²³ and by the Wholesale Market Services Team²⁴. Significant market performance issues are discussed at the Non Household Market Steering board or escalated to the wider Executive Team and Board where required.
- 2.63 When we first received request to enter into an IPRP, this was raised at the Non Household Market Steering Board in November 2018 with actions to investigate and resolve issues and submit the formal IPRP²⁵
- 2.64 Our IPRP extension submitted in October 2019 was included in a Board update alongside wider market performance information²⁶.

Q7: Please set out what safeguards and/or monitoring you have in place to monitor your Operational Performance Standards (OPS) performance for your associated retailer in relation to other retailers?

- 2.65 We do not have an associated Retailer within the Non-Household retail market. Thames Water provides services on the same basis to all retailers. As we do not differentiate these services between different retailers, we have no reason to believe other than these are provided on a non-discriminatory basis.

Q8: Please set out what processes you have in place to assure yourself that OPS performance data is accurate and valid before it is submitted to MOSL.

- 2.66 In summary our OPS reporting process involves the following key steps;



²² TMS_AnnexB_Q6_CELT OPS & MPS Performance_Apr 19.pdf

²³ TMS_AnnexB_Q6_Customer Operations Performance Meeting_9.10.19

²⁴ TMS_AnnexB_Q6_WMS Performance Meeting_14.5.19

²⁵ TMS_AnnexB_Q6_NHH Steering Board Slides 06.11.18

²⁶ TMS_AnnexB_Q6_Extract from Thames Water Board Report September 2019



Annual review vs market reporting rules and logic

We carry out an annual review of our reporting practices, including matching our reporting logic with the market logic. Our most recent annual review included a detailed review of the OPS Reporting Guidance published by MOSL in February 2019. This process involves the reporting team in our Wholesale Market Services team meeting with Responsible Service Managers (RSMs) and team managers for each OPS measure, and going through the measure in detail to ensure that the market process steps that start and end on OPS are matched to process steps within our workflow management tool

Agree and document reporting logic

Once the logic has been agreed, it is documented and saved as a controlled document where relevant stakeholders have access to the information

Create Power BI measures connected to our workflow management tool to calculate OPS data daily

This logic is then used to create measures within a Power BI report, connected to our workflow management tool (Cordys), which allows us to calculate the OPS data daily.

Compile OPS data monthly

At the end of the reporting period (month) the OPS data is downloaded to enable checks to be carried out.

Carry out validation checks of monthly OPS data

Our reporting team validates that the data has been reported accurately. The process comprises:

- Analysis of the data in excel to ensure that all data is reported accurately, including
 - Manual check of OPS start and end dates
 - Manual calculation of volumes for each KPI
 - Manual review of any deferred volumes
- Identifying any volumes that have been submitted in Bulk (not on a bilateral form) and amending these from the volumes

Add data to MOSL 'balancing' tool

The data is then added into a 'balancing' tool supplied by MOSL, to ensure that the volumes align with volumes sent previously. For example, the completed, rejected and Work in Progress (WIP) volumes for the reporting period add up to the WIP for the previous period added to the started volumes for the reporting period.



Review and Sign-off for submission to MOSL²⁷

The data and volumes are then reviewed by the Contracts and Performance Manager within Wholesale Market Services (WMS) and presented to the Head of Wholesale Market Services. The data then requires sign off from the service reporting manager, as provider of the data, contracts and performance manager, as reviewer of the data and finally from the Head of WMS as the senior manager sign off. Once the data has been through these levels of authorisation it is submitted to MOSL via the MOSL portal.

Submit OPS data to MOSL by Business Day 6

The submission process takes place over 5 Business Days, to ensure that the data is provided to MOSL before the end of the 6 Business Days deadline. The data is then uploaded to the MOSL Portal on Business Day five (5) to meet the submission deadline.

Carry out periodic internal assurance

Our compliance team within Wholesale Market services will carry out internal assurance on our OPS submission process and have recently focussed on:

- The counting of days for permitted deferrals – A sample of cases have been taken and a manual calculation used to check that the counting of days aligns with MOSL guidance
- The use of permitted deferrals – A sample of cases including case notes have been taken and compliance with the market codes assessed

Q9: Please explain any collaborative work you have initiated with retailers to improve the quality of market data in relation to: long unread meters; faulty meters; and vacancy.

Long unread and faulty meters

- 2.67 As with similar markets such as energy, we see the accountability for meter reading to be a key aspect of the retailers' role in meeting the needs of their customers to provide accurate and timely billing. It is our role to support this by fixing faulty meters in a timely way as they are identified. Since market opening, a large proportion of faulty meters have been fixed. Therefore, to continue reducing the number of long unread meters in the market place, greater emphasis must be placed on the meter reading activity.
- 2.68 We recognise that the number of long unread meters in the market, including in Thames' area, is high and we have put in place initiatives to address this. Unread meters have several consequences including, but not limited to;
- the impact on customers through having inaccurate bills
 - inaccurate settlement in the market
 - a misleading view of leakage rates

²⁷ TMS_AnnexB_Q8_OPS Sign off Sheet February 2019.pdf



2.69 Working with others in the industry is a key enabler to improving this situation and we collaborate with a range of industry groups in sharing good practice and working to find solutions for problems facing retailers and wholesalers. We have shared our experiences at industry forums including the User Forum and are a member of one of the Market Performance Operating Plan (MPOP) working groups focused on reducing long unread meters.

2.70 In the summer of 2018, we initiated and funded an 'Accelerated Programme' of work with one of its key aims being to significantly reduce the number of long unread meters. Some key aspects of our work to address long unread and faulty meters has included:

- **Root cause analysis** - working with retailers to understand the root causes of long unread meters and to classify respective roles and responsibilities for resolution. This has involved detailed analysis, with retailers sharing a large amount of data relating to attempted meter reads and 'meter skips', as well as analysing our own meter data
- **Customer access** - through this analysis a large cohort of cases was identified where customer access was an issue. To help retailers to gain access to customers' premises to obtain meter reads we have worked with our legal and operational teams to develop a new service offering to retailers, which enables them to call on our powers of entry. This involves different levels of intervention, from issuing official letters, carrying out site visits, obtaining warrants and executing warrants to gain access. This service was launched in October 2019, so it is too early to evaluate its success, but we have published details of our service and we will monitor and share our experiences with other Trading Parties
- **Customer appointments** – we have evolved our metering processes in response to feedback from retailers. Previously where a customer was unresponsive after three attempts to make an appointment, we would close the job, which left the issue unresolved and required the retailer to re-raise a request. In these circumstances our process now requires us to refer the case back to the retailer for a set period to allow them to try and establish contact with their customer prior to closing the job. While this reduces the time available for us to meet Code SLAs we believe that it delivers a better outcome for retailers and customers
- **Early notification** - we remain concerned that retailers are not prioritising the routine, timely notification of broken or unread meters to us and that there remains a poor correlation between reported long unread meters and work raised to us to fix metering issues. In response we have developed internal reporting to escalate emerging long unread meters to retailers to assist in collaboration to resolve
- **Proactive meter replacement** - we have directed our proactive meter replacement programme to address long unread meters and are working with our retailers to seek the most up to date customer and contact information to efficiently manage and make appointments with customers. Our proactive programme is on track to replace 5000 older meters during the current year, in addition to our business as usual reactive meter replacement programme
- **Dealing with legacy meter issues** – some meters have issues that were identified prior to market opening. In these cases, we have agreed with retailers to resolve them and accepted bulk submissions in spreadsheet form from retailers



- **Providing meter reads to retailers** - where we have visited and been able to take reads at meters, we have improved the quality of information and photographs provided to give retailers greater confidence to update the market and bill their customers
- **Data issues** - we have worked with one retailer to resolve more than 20,000 issues with initial meter reads which were preventing reads entering the market, and we have established new processes to deal with challenges to initial market reads
- **Consistency with Water Only Companies (WOC)** – some retailers gave us feedback that they were confused where our practices on the use of volumetric adjustments differed to those of WOCs in overlap regions. Consequently, we have aligned our processes for adjusting meter volumes to replicate those of WOCs in order to give retailers confidence that wastewater volumes will move identically to water volumes
- **Organisational Change** - we are trialling the embedding of a Meter Operator function within our Wholesale Market Services team to coordinate, monitor and report on all wholesale NHH meter activity across Thames Water

2.71 As a consequence of these activities, in the last 14 months the number of meters unread after market opening in our region has more than halved, from 54,184 to 22,399, with around 11,000 of the remaining cases being at vacant properties. Over the same time approximately 24,000 additional meters, which have been read since market opening, have now become long unread.

Table 2: Long unread meters in Thames Water area

Date	Total Long Unread Meters Report	Long unread meters since Market Opening
July 2018	59,368	54,184
October 2019	49,980	22,399

Source: MOSL long unread meter report

2.72 As can be seen we have initiated multiple interventions to drive down long unread meters, but there is no one, short-term answer to this problem for wholesalers and retailers. We still have work to do on long unread meters and will continue to work with our retailers and industry groups to drive this. In order to focus continued investment, collaboration and innovation on resolving this market problem we are seeking to ensure that a minimum of 95% of our meter population is readable by retailers at any one time. We recognise to achieve this we need to continually work with our retailer customers.

Vacant premises

2.73 We have raised the issue of the rise in vacant SPID numbers with our retailers directly and at a range of forums, including at the User Forum, to better communicate the implications of the rise of vacant premises on customers' bills and company leakage figures and to better understand reasons for the increase. In addition, one of our team chairs the Retailer Wholesaler Group (RWG) Vacancy sub-group, working collaboratively with retailers and wholesalers to share good practice and look for solutions to this problem.



2.74 There are a number of initiatives and interventions that we have taken forward directly or working jointly with our retailer customers. At a high level, our approach is to carry out various levels of intervention and share the occupancy information this generates with retailers encouraging them to update the occupancy status for their customer and as a last resort carrying out a market code vacancy challenge where this does not happen.

- **Accelerated programme** – In summer 2018 we initiated a programme to pilot a number of different approaches to establishing the occupancy status of premises marked as vacant in the market. Through this programme we tested different desktop occupancy tracing approaches (for more than 20,000 premises), carried out over 4,000 occupancy site visits and took six supply points through the Code occupancy challenge process. We have embedded this learning into our business as usual approach described below, which we continue to evolve and improve
- **Referrals** - We continue to highlight cases where we are confident that premises are occupied without the need for further investigations, such as public buildings and well known sites in and around London
- **Customer letters** – Through our engagement with retailers we are aware that a relatively large number of non-household customers have been unresponsive to communication from retailers attempting to establish occupancy details and bring customers into billing
- In the light of this we have agreed with retailers that we will send letters to properties marked as vacant encouraging any occupants to make contact with their retailer. This letter highlights the vacant status of the property given to it by the retailer and asks any occupiers to contact their retailer directly. The retailer's contact information and rate of issue are agreed with each retailer in advance so as not to disrupt their existing customer communication channels and any vacancy work in progress, or to confuse customers who may already be in contact with the retailer and having their accounts established. We routinely remove properties from this process on request from retailers where they already have work in progress so as not to disrupt their customers. This also provides us insight into how much activity our retailers are undertaking to address issues
- **Occupancy tracing** - We are using third party providers to trace occupiers and pass leads to retailers. As part of this exercise we are having regular calls with retailers' vacancy teams to discuss progress and quality issues as well as to escalate high value cases where occupiers are clearly present. This work identifies occupiers in approximately 30% of cases²⁸.
- **Site visits** - Finally, for the highest usage properties we are sending our field agents to visit properties, collect occupancy details in person and photographs of meters, meter reads and other relevant property data. To ensure these cases are prioritised we use the vacancy challenge process to secure engagement having initially communicated the cases in question

28 [REDACTED]



2.75 Many retailers are very responsive to our submissions, however work on converting vacant premises often appears to lose out to other priorities. As an example, at the end of September only 11% of 2077 occupancy leads passed to retailers this financial year had been actioned by them²⁹. Given the importance of this issue and its impact on wider customers, we have included a performance commitment in our PR19 Business Plan. We continue to explore ways of incentivising retailers to take more timely action, whilst seeking to avoid incentives which could lead to inappropriate increase in vacancy rates as previously experienced in the Scottish Water Market.

Q10: Please describe any processes you have in place to improve the quality or coverage of data in CMOS that relates to your activities and responsibilities as a wholesaler (for example, to ensure meter location data is complete and accurate). How long have any such processes been in place?

2.76 We are aware of the key part that correct data plays in the market and how inaccurate data can cause issues for all Trading Parties and customers; this has been a focus since the inception of the market and we strive to achieve and maintain a high level of accuracy.

2.77 This was a key workstream in our programme preparing for market opening and we then transitioned to an embedded business as usual capability. Through this team we constantly monitor the health of our market data and seek to improve its fitness for purpose. This monitoring covers many quality dimensions including completeness and accuracy against an appropriate benchmark, and compliance with code standards. We have implemented a wide range of reports to identify data exceptions which enable us to trigger investigative interventions. These interventions are how we make incremental improvements to existing business processes that maintain our data. As part of our wholesale market services function, we have established a market data team and a business process team who work together to clarify process improvements necessary to optimise our market data and outcomes for retailers and customers.

2.78 Some specific examples are outlined below:

- We are running several projects to ensure meter dial numbers and meter asset sizes are correct and that duplicate records are investigated and eradicated. As part of this process we are progressively and repeatedly comparing the information stored in our asset base and in the market with the original manufacturer's data for that same meter and have been running many projects on an ongoing continuous improvement basis since before market opening to correct issues. For example, we corrected around 180,000 meter sizing issues prior to market opening that would have generated queries and concerns from retailers about differences between meter asset sizes and meter chargeable sizes. Our current issues are now primarily arising from gaps in current processes and our teams work to identify and repair these constantly

29 [REDACTED]



- We are strengthening processes across the business to receive intelligence on missing sites, services and occupied properties from work undertaken by multiple field teams in pursuit of leakage resolution and other network service goals. These involve liaison with Retailers to agree and resolve issues
- We are continuing to run a long unread metering project which has since mid-2018 identified revised location details and meter reads for previously unread meters, and these are passed to retailers. Meter location is a retailer owned field which a wholesaler cannot update. We do not currently monitor how many updates passed to retailers are subsequently updated in the market
- We undertake monthly reconciliations of property, meter and SPID numbers between our internal systems and market systems to identify mismatches and incomplete updates. Processes have been in place since shadow operations and continue to give us confidence that we remain in control of the overall market data environment, and that we can identify any missing processes or procedural steps necessary to ensure data is constantly reconciled
- We have processes in place to monitor the specific transaction environment to ensure all market data updates complete or, if not, priority rejections are identified and addressed. These processes have been in place since market opening and continue to provide a rich source of insight into underlying causes of transaction and data update failures
- We have processes in place for agents to escalate issues preventing execution of updates in CMOS. These cases are worked by our data back office team within tight internal service levels. For example, we continue to address issues creating high levels of final meter read rejections which risk leaving SPIDs with details of the old and the exchanged meters. Over the last 12 months the data team have engaged front line operational teams to incrementally improve awareness, training materials, processes and procedures and this approach provides a sustainable basis to reduce the occurrence of data issues
- We have processes in place to monitor a range of market operator reporting sources to look for settlement and other exceptions and have resolved a range of tariff set up issues generated by our system logic. We are also joined up with our account management and complaint teams who provide a source of insight into issues our customers are experiencing, and these are often used as a basis for investigation. For example, we agreed a solution with one retailer for around 500 properties who had a ZZZ postcode because the premises, quite appropriately, did not have a full postal address
- Our vacancy project work is highlighting and addressing property address issues. For example, we are in receipt of all returned mail sent to vacant properties and progressively we are cleansing and updating addresses of vacant properties to the market
- We monitor all settlement volumes variances above pre-set values to identify potential SPID set up or meter reading errors, because of this monitoring we have introduced a number of business process improvements and enhanced monitoring. For example, we are monitoring the quality of meter reads entered into the market by retailers and tracking at any one time around 1,500 meters with logically inconsistent reads which are often the result of errors and missed rollover flags. These are routinely highlighted to retailers to action



2.79 Whenever any new data issue is identified we follow an established process to:

- Define and scale the issue, to understand if there is a wide range of problems across multiple SPIDs all of the same nature
- prioritise the issue for resolution based on a range of factors including compliance and customer service impact
- prior to any resolution, undertake a root causes analysis to identify the potential source of the data issue, many data issues are a symptom of a need for improvements to underlying business process and procedures; and
- finally, decide what fix is necessary to resolve the issue. Fixes can involve changes to system logic to better manage transaction updates, changes to our agent level processes and procedure or simply just sending a transaction

Q11. Please describe any processes you have in place to take into account information received from retailers or end customers concerning incomplete or inaccurate data held in your systems or in CMOS. (For example, this could relate to: meter location; customer or retailer meter readings; change of tenancy; or disconnection). Please also set out the process that a retailer would need to follow in order to inform you about incomplete or inaccurate data and your process and timetable for responding to this.

2.80 The Operational Terms sets out standard market processes for specific items, for example where retailers cannot locate a meter. Ordinarily retailers need to submit the relevant market form and the subsequent steps are then followed. Retailers can raise other data issues as an enquiry to which we have established internal SLAs to respond to within 10 business days. We have also established an escalation protocol for retailers to have confidence enquiries, including data issues, are being given due consideration.



2.81 The following are examples of specific processes we undertake in response to information from retailers concerning incomplete or inaccurate data:

- If a retailer believes a meter is inaccurately registered in the market, for example as a result of their meter readers being unable to find it or because a customer has queried the volumes they are being charged, retailers can request that we investigate. On receipt of any request we undertake a desktop based review of internal data sources (which usually resolves the issue in 4 out of 5 cases). If the review does not resolve the issue we send an agent to the field to verify details. Following the field agent's report, we may take a range of actions including de-registering an account, correcting a supply issue by ensuring the appropriate property and meter relationship is established in CMOS, sending work to our metering team to fix a meter, or providing updated meter location information and meter readings to the retailer
- Where a long unread meter is read for the first time this can reveal an issue with the meter's registration or initial meter reading. There may also be confusion as to the settlement impacts of market volumes generated by the relationship between new reads and G reads. We have established a specific process for these to be routed to our data teams and to be resolved within 5 business days. Where an enquiry is raised our front-line agents follow a process to clarify the read impact (which resolves the majority of G reads cases) or escalate cases with potentially incorrect initial reads. These are investigated by our data experts who take the appropriate steps to resolve the issue including changing the initial meter read or triggering site visits for further investigation with the outcomes similar to those outlined in the previous answer
- Occasionally a retailer will highlight a potentially incorrect final read has been input to the market generating inappropriate market volumes and request a re-settlement of charges. In these circumstances our revenue and settlement team leads an investigation to ensure the case is investigated and changes have been made where necessary. We then undertake an assessment of the settlement impact any data issue may have led to in order to seek to agree a re-settlement. We have accepted all re-settlement requests made by retailers to date. We are receiving a growing number of requests in relation to data mismatch issues in WOC WASC overlap areas. In many cases our data is correct but simply does not align with the data input by the WOC. We have recently reviewed a range of cases where there was a differential treatment of volumetric adjustments used to replace volumes in the market following a meter exchange. We have provisionally agreed to adopt processes to reflect the same volume as the WOC and are reviewing opportunities to expand this approach to other areas including allowances, registration and de-registration of properties.
- For any issue highlighted to us we always look to scope and scale the issue to identify if it can be fixed as a one-off bulk project rather than on a case by case transactional basis or whether we as a company can take proactive action to address issues. At a high level and where an issue is escalated beyond a fix for an individual case, we scope the size of the issue by examining our entire market data set and if an issue is confirmed treat this as a formal data project for resolution. Each project passes through a series of process steps to:
 - Further validate and confirm issues and their underlying causes;



- Evaluate the impact on the retailer and customers and prioritise for action;
- Identify options to resolve the issue and consult with retailers on preferred options: and
- Deliver the agreed approach.

Q12: Please outline and provide evidence on the extent to which you monitor and contribute to the work of the Retailer Wholesaler Group (RWG) or other similar discussion and action groups. Have you fully implemented published RWG guidance? If not, please explain why.

Our support for the RWG

- 2.82 We fully support the work of the RWG in its objectives of collaborating to identify common issues and improve practices for the benefit of end customers.
- 2.83 We are actively involved in the RWG main group, which helps to prioritise, direct and review outputs of the working groups. In addition, we devote significant time to RWG working groups, including chairing two of the current groups.

Our participation in these working groups is as follows;

- Chair of R-MeX Group
- Chair of Vacancy Group
- Member of Policy Group
- Member of Gap Site Incentive Group
- Member of Vacancy Incentive Group
- Member of Eligibility Group
- Member of Complaints Group
- Member of Planned/Unplanned Events Group

Other market discussion and action groups

- 2.84 In order to help resolve some of the longstanding issues within the market we were keen to assist as much as possible on the recently established MPOP Working Groups. We nominated representatives for all these groups and are now members of the Vacancy working group & Meter Rejection & Asset Data working group. We are also the wholesaler member of the recently established Bilaterals Steering Group.
- 2.85 With regard to wider market engagement, we regularly present at the User Forum and contribute in the majority of the meetings.

RWG good practice guides

- 2.86 We have proactively been involved with the RWG Good Practice working groups and have contributed to the development and introduction of the guides. Internally within our business we continue to align wherever possible, although it should be noted that the guides are not always structured to detail each specific element of good practice. In all cases we seek to enhance customer service and therefore take from the guidance where we can improve, but do not dilute



where we believe we offer a greater level of service. Detailed in the table below is an overview of our current position and a more detailed analysis is provided separately³⁰.

Table 3: Summary of alignment to RWG Good Practice Guides

Good Practice Guide	Publication	Comment
Leak Allowances	Version 3.0, 30 Sept 2019	We align to most elements of the Good Practice Guide and in some cases we offer a better level of service to customers. We have also updated our Wholesale Tariff Document to extend the time which customers are able to apply for leak allowances from 3 months to 6 months. The guide is not definitive in what good practice is in the scope of offering allowances, but for clarity we offer an allowance solely against sewerage charges, not water charges, as this maintains incentives to fix customer side leaks.
Return to sewer	Version 1.0, 30 Sept 2019	We have contributed to the development of the Good Practice Guide. Following its publication we have reviewed our internal policy to align with the Good Practice Guide.
Data logging	Version 1.0, 30 Sept 2019	We have contributed to the development of the Good Practice Guide and are currently reviewing our internal process and policies for data logging to understand where there are further opportunities to provide better customer service and alignment with the Good Practice Guide.
Meter reading	Version 1.0, May 2019	This guide sets out which wholesalers offer a cyclic meter reading service. It is therefore not a guide which can be adopted. Thames Water does not offer this service to retailers.
Unplanned events	Version 1.0, July 2019	We align to the Good Practice Guide. We have participated recently in a test exercise Boreas with two other wholesalers and three retailers based upon a Freeze-Thaw scenario. Our communication process uses the guide to ensure compliance to our unplanned communications. Following on from the exercise we have carried out a further review to further improve our communications.
Bilateral forms	Version 1.0	The guide summarises all of the market forms as an easy reference point and advises good practice for retailers submitting forms. As such it is therefore not a guide which can be adopted by wholesalers.
Disconnection for non-payment	Version 3.0, August 2019	We align to or exceed the Good Practice Guide, including offering a streamlined service allowing retailers to use Accredited Entities to carry out disconnections, increasing the likelihood that the retailer will receive payment.

Source: Thames Water

Q13: What actions have you undertaken to support the development and implementation of a bi-laterals solution? Has your Board discussed your approach to the bi-laterals solution? Please provide relevant extracts of Board papers that document any such discussions

- 2.87 Thames Water recognises the benefits of a central bilateral solution and since market opening has undertaken actions to support its development.
- 2.88 In 2017 Thames Water appointed our CIO of Operations (Digital Directorate) to the MOSL Digital Strategy Committee (DSC)³¹ as we recognised the importance of this committee and the benefit

³⁰ TMS_AnnexB_Q12_Ofwat response good practice guide review v0.2.xlsx

³¹ TMS_AnnexB_Q13_Digital_Strategy_Committee_DSC01.3.pptx



its output could have on the efficient operation and innovative development of market systems. Part of the scope of the DSC was to review any opportunities around streamlining and potentially centralising the bilateral submission process between Wholesalers and Retailers. Thames Water contributed to this group by providing expertise in system discussions, supported submission and review of high-level requirements and providing a wholesaler view on risks and issues³². Thames Water have also contributed to the ongoing discussions regarding a centralised bilateral solution via the RWG Bilateral Design workshops³³. The DSC has since been disbanded.

- 2.89 Thames Water supports a centralised solution so long as there is enough appetite from Retailers. We recognise that the maturity of the market, cost, governance and whether a solution would be mandated should all be considered when defining the problem and potential solutions. We reiterated this position in the response to MOSL's RFI in January 2019, contained in our evidence, MOSL RFI 21012019³⁴. All Thames Water responses to questionnaires and RFIs for the purpose of formulating the industry view on a centralised solution were reviewed and/or notified to the Head of Wholesale Market Services and our Customer Experience Director.
- 2.90 In response to CPW070, MOSL have launched their Bilateral Programme and in September circulated a high-level plan for delivery of a centralised solution. We have aligned to the proposed dates and internally, have set up our Thames Water project team sponsored by the Head of Wholesale Market Services. Communication continues to be sent to our Customer Experience Director on progress and once further information has been released from the MOSL Bilateral Programme we will be submitting our high-level plan and business case to the Thames Water Portfolio Board (expected November 2019). All Internal governance for delivery of the bilateral solution will be followed including Thames Water Board review when required.
- 2.91 Whilst we await further detail from the MOSL Bilateral programme delivery, we have been engaging with the lead supplier of a solution used by many industry participants and proactively seeking to understand and prepare for the change we will need to make to systems from standardised interfaces.
- 2.92 In further support of the centralised solution Thames Water successfully applied to hold the Wholesaler position on the Industry Bilateral Solution Steering Group, thus showing our commitment in the long term to the delivery of the solution.

Q14: Wholesaler policies: Please set out (and where appropriate provide relevant supporting evidence):

(a) what action you take to help ensure your wholesaler policies (including: i) the charges /charging structure; and ii) any SLAs or KPIs; associated with the provision of wholesaler services to retailers) are readily accessible and understood by all relevant retailers?

- 2.93 Our Wholesale Tariff Document and Wholesale Service Offering, which is regarded as good practice by external auditors³⁵, outline the services and charges retailers can expect from us, the services levels we aim to provide for each service and details of any policies associated with

³² TMS_AnnexB_Q13_Bi-laterals industry questionnaire March 2018.xlsx

³³ TMS_AnnexB_Q13_Digital_Strategy_Committee - Bilaterals design workshop - 8th May 2018.pptx

³⁴ TMS_AnnexB_Q13_MOSL RFI 21012019.docx

³⁵ TMS_AnnexB_Q14_TW Market Audit site visit report Final



the service and where to obtain copies of the policies. The Wholesale Service Offering and a number of our policies are available on our website.

<https://wholesale.thameswater.co.uk/About-us/Document-library>

- 2.94 Prior to the opening of the market the Wholesale Service Offering was sent to retailers for consultation, and their feedback was reviewed and used to develop subsequent publications. Since the opening of the market, we have updated our Wholesale Service Offering and policies to provide further clarity and improve services. With each republication, we notify any changes to retailers and provide them with copies of the updated documents. We have provided detail on these documents at our Retailer Forums and notify all retailers when changes are made.
- 2.95 The Wholesale Service Offering also sets out which services have charges. The charges are set out in our Wholesale Tariff Document, which we publish as a minimum annually.
- (b) what, if any, unilateral action you have taken since 1st April 2017 to simplify or otherwise refine your wholesaler policies to the benefit of retailers?**
- 2.96 When carrying out any revision we look to simplify language used to make understanding easier and provide examples where appropriate.
- Revisions to our policies are included in the table 4 below.
- 2.97 We also take feedback from retailers about our policies where our practices differ from those of WOCs. An example of this is the use of volumetric adjustments where in overlap regions we have aligned our processes for adjusting meter volumes to replicate those of WOCS in order to give retailers confidence that wastewater volumes will move identically to water volumes.
- 2.98 While more details are given in our response to Q17, we unilaterally amended our credit arrangements policy to offer a simple 'credit floor' option to all retailers. We were the first wholesaler to offer an alternative credit arrangement under Schedule 3 that waived collateral requirements for any customer on the first £1m of turnover in our region.
- 2.99 The arrangement is designed to maximise benefits for smaller and growing retailers while ensuring we continue to meet our non-discrimination obligations. We entered our first agreement with a retailer in December 2017 and are currently in place with 17 of our retailer customers.



(c) what - if any - changes have you made since 1st April 2017 to the services you provide, the charges / charging structure for these, and/or any associated SLAs or KPIs associated with the provision of these services? If you made changes, what were the reasons for these changes?

Table 4: Summary of the updates we have made to our services and policies.

Date	Summary of key changes	Publication ³⁶
January 2017	We published details of our new 'Providing digital meter data service' which was implemented to provide retailers with access to data from digital meters.	Wholesale Service Offering 2.0, Metering Policy 4.2, Wholesale Tariff Document 17-18 v1.0
February 2017	Implemented a new service setting out how we investigate causes of sewer damage and work with customers to resolve issues.	Wholesale Service Offering 2.1
May 2017	For clarity we updated the information in our Wholesale Service Offering regarding allowances, explaining the information we need to enable us to accurately calculate an allowance and how we make payments for FLIP devices. Explained our approach to trying to arrange appointments with customers to carry out metering work. Extended the list of customer groups who we regard as sensitive customers to include premises critical to civil or national security.	Wholesale Service Offering 2.2, Metering Policy v4.5, Sensitive Customer Policy 2.0 ³⁷
July 2017	We increased our Credit Support for Non Primary Charges from £5,000 to £25,000 to allow retailers to request a larger number of services before requiring payment.	Wholesale Tariff - Document 17-18 v1.2.
September 2017	We reduced the cost of our disconnection and reconnection services.	Wholesale Tariff Document 17-18 v1.3
October 2017	Clarified when we will notify retailers of visits to premises when carrying out planned works and carrying out visits and surveys associated with metering work. Updated how we manage enquires and complaints from non-household customers to align with the rest of the industry. Agreed to allow retailers to use accredited entities to carry out disconnections for non-payment.	Wholesale Service Offering v2.3, Disconnection and Reconnection Policy v 2.4 ³⁸ , Wholesale Tariff Document 17-18 v1.4, Metering Policy 4.5

³⁶ All versions of the Wholesale Tariff document, along with the latest version of the Wholesale Service Offering document, can be found at <https://wholesale.thameswater.co.uk/Wholesale-services/Our-charges> The latest version of the Metering policy and the Ordering Services policy, can be found at <https://wholesale.thameswater.co.uk/About-us/Document-library> . Other versions of these documents are available on request.

³⁷ <https://wholesale.thameswater.co.uk/-/media/Site-Content/AllNew-Wholesale/About-us/Document-library/Sensitive-customers-policy-v2.pdf>

³⁸ TMS_AnnexB_Q14_Disconnections and Reconnections Policy v2.4.pdf



Date	Summary of key changes	Publication ³⁹
August 2018	<p>Provided information regarding how we manage water pressure</p> <p>Updated a number of services to provide clarity on GDPR requirements.</p> <p>Introduced improvements to how we work with retailers and accredited entities carrying out disconnections for non-payment on behalf of retailers.</p>	Wholesale Service Offering V2.4
October 2018	<p>Launched our retailer portal and published updated information regarding submitting service requests.</p> <p>Published details of changes to our roll out of Smart meters and clarified the level of data quality which would need to be achieved for charges to apply to data services.</p> <p>Our Trade effluent services were also updated to amend our contact details and explain what information we are unable to share with retailers in accordance with Section 206 and include new G/03 form.</p>	Wholesale Service Offering v2.5, Ordering Services Policy v1.3, Metering Policy v4.5, Wholesale Tariff Document 18-19 v1.1. Trade Effluent Policy v3.2 ⁴⁰
December 2018	<p>We were the first in the industry to implement a financial incentive for retailers and their customer who improve their water efficiency.</p> <p>Extended our operating hours for metering services to include Saturday mornings in our normal working hours and offer appointments on Saturday afternoons and Sundays.</p> <p>Retailers were also informed of our intention to withdraw our customer side leakage service.</p>	Wholesale Service Offering v2.6, Metering Policy v4.6, Wholesale Tariff Document 18-19 v1.2
January 2019	<p>We started to use warrants to gain access to premises to carry out metering work and withdrew the use of local area fixed network devices on meters within London but not yet covered by the wide area fixed network.</p> <p>Due to a lack of retailer demand for the service we withdrew our offer to repair customer side leaks beyond our statutory obligations.</p> <p>Updated our metering services to allow retailers to ask us to use our powers of entry to carry out metering work.</p> <p>To help retailers reduce the number of vacant premises in the market, we established a comprehensive process for proactively reviewing and investigating vacant premises.</p> <p>We simplified our tariffs by removing decimals for the non-primary charges for 2019/2020.</p>	Wholesale Service Offering 2.7, Metering Policy v4.7, Wholesale Tariff Document 18-19 v1.3, NHH Customer Side Leakage Policy v3.6 ⁴¹
March 2019	<p>We also introduced a new form for retailers to use to enable them to provide us with information to support their application for an abatement.</p> <p>Our disconnection services were also updated to align with our Wholesale Tariff Document for 2019-2020. Disconnecting for non-payment service all permanent disconnections treated as non-standard and priced on application.</p> <p>Our trade effluent service was amended to provide customers with trade effluent sample results electronically.</p> <p>We clarified our position on the timescales within which accredited entities are able to reconnect supplies which have been disconnected for a long period of time.</p>	Wholesale Service Offering 2.8, Disconnection and Reconnection Policy v2.5 ⁴² . Trade effluent Policy v3.2
October 2019	<p>We have published details of a service which enables retailers to ask us to use our powers of entry to obtain meter reads.</p> <p>We have provided further detail to improve understanding of Business Assessed and Trade Effluent charging.</p> <p>Amended Leak Allowance terms on how quickly a claim must be made to align with RWG good practice guide.</p>	Wholesale Service Offering 3.1, Wholesale Tariff Document 19-20 v1.1

Source: Thames Water



Q15: Charging: Please set out (and where appropriate provide relevant supporting evidence):

(a) what - if any - unilateral actions have you taken since 1st April 2017 to simplify your wholesaler tariff structure with a view to facilitating retailers' ability to make price and service offers to end customers.

2.100 In addition to the Wholesale Contract / Wholesale-Retail Code we publish our Wholesale Tariff Document (WTD) and comprehensive Wholesale Service Offering (WSO)⁴³, which has been recognised as industry good practice by external market auditors⁴⁴.

2.101 The objectives of these publications are to:

- explain clearly the details of our services and how we will work with retailers to provide these services, including the responsibilities and service levels of both parties
- clearly set out which services a retailer can order, what to expect from us and how they can be ordered
- clearly define our primary and non-primary charges to retailers
- explain when tariffs will apply and the level of any such charges

2.102 We have not acted to simplify our tariff structure to a significant degree since the market opened, being aware that any such major changes to tariff structures impacts retailers and would be likely to have significant incidence effects for business customers. We have introduced a rounding mechanism for our non-primary charges, where we have rounded each tariff down to a whole pound for ease of use. We would support an Ofwat led review of NHH tariffs to move towards more simplified/aligned tariffs structures across wholesalers, which could help retailers in providing simplified or bespoke offers to customer. This review would need to recognise the potential impact on retailers and the importance of protecting all customers from significant changes in their charges.

2.103 We have taken unilateral action to help our retailer customers to better understand our tariffs to support them in making price and service offers. Alongside our 2018/19 WTD we also produced and published a non-household annual charges calculator tool. This simple tool enables retailers to match tariff codes from CMOS to the tariffs in our WTD, enabling them to easily calculate the charges for customers. This is available on our website with our other documents <https://wholesale.thameswater.co.uk/About-us/Document-library>.

³⁹ All versions of the Wholesale Tariff document, along with the latest version of the Wholesale Service Offering document, can be found at <https://wholesale.thameswater.co.uk/Wholesale-services/Our-charges> The latest version of the Metering policy and the Ordering Services policy, can be found at <https://wholesale.thameswater.co.uk/About-us/Document-library>. Other versions of these documents are available on request.

⁴⁰ TMS_AnnexB_Q14_Trade effluent policy v3.2.pdf

⁴¹ TMS_AnnexB_Q14_Non household customer side leakage policy v3.6.pdf

⁴² <https://wholesale.thameswater.co.uk/-/media/Site-Content/Wholesale/Wholesale-Uploads/Policies/Disconnections-and-reconnections-policy.pdf>

⁴³ These are both available on our website at <https://wholesale.thameswater.co.uk/About-us/Document-library>

⁴⁴ TMS_AnnexB_Q14_TW Market Audit site visit report Final



(b) What is your expected charging policy in respect of vacant sites and premises from 1 April 2020? How, if at all, has this changed since: i) 1 April 2017; and ii) prior to 1 April 2017?

2.104 In respect of vacant sites and premises, since 1 April 2017 Thames Water does not charge the retailer in respect of eligible premises for any period during which they are classed as unoccupied under the provisions of the Wholesale Contract for Wholesale Services, except where water consumption is registered by a meter, in which case relevant charges will be payable.

In addition, should Thames Water become aware by means other than reading a meter that water is being used at that premises (which includes any usage by way of leakage) all relevant charges will be payable on the basis of Thames Water's reasonable estimate of the water usage provided always that Thames Water may, at its absolute discretion, decide not to raise the graduated fixed charge applicable.

2.105 The above has been our charging position since market opening and we review this annually, but it is our intention that we will continue to charge on this basis from 1 April 2020.

2.106 Prior to 1 April 2017 Thames Water did not charge for vacant premises.

Q16: How do you consult or engage with retailers on the following issues (where appropriate provide relevant supporting evidence):

- (a) Measuring or gauging the quality of service you provide to retailers? What actions have you taken here?**
- (b) Maintaining and improving your working relationship with retailers (e.g. do you host retailer engagement days, portfolio meetings, onboarding processes for new entrant retailers etc.)?**
- (c) Understanding causes for, and improving levels of rejected, deferred or late OPS tasks?**
- (d) changes or updates to the form or scope of your wholesaler services, the charges or charging structure for these, and/or any associated SLAs or KPIs associated with the provision of these services? How formal is this consultation?**

2.107 We carry out various activities within Thames Water to engage with retailers, both through active participation in market groups and more directly with retailers either individually or as a group of customers. The table below identifies the main activities that we carry out to engage directly with retailers and indicates which sub-questions each engagement activity addresses. We have then provided a summary of the activity and example(s) of how that activity is relevant.

Questionnaire

2.108 We value feedback and have carried out questionnaire surveys with our retailers. Attached is an example of the questionnaire survey template that we have used⁴⁵.

⁴⁵ TMS_AnnexB_Q16_Questionnaire.docx



Table 5: Summary of engagement / activity with retailers and group of customers

	(a)	(b)	(c)	(d)
<i>Retailer questionnaires</i>	✓	✓	-	✓
<i>Retailer Forum</i>	✓	✓	✓	✓
<i>Account Management</i>	✓	✓	✓	✓
<i>Retailer User Group</i>	-	✓	✓	✓
<i>R-Mex</i>	✓	✓	-	✓
<i>PR19 research</i>	✓	-	✓	✓
<i>Weekly Operational Calls</i>	✓	✓	-	✓

Source: Thames Water

Retailer Questionnaires

- 2.109 We value feedback and have carried out questionnaire surveys with our retailers. Attached is an example of the questionnaire survey template that we have used.
- 2.110 We have also carried out survey questionnaires relating to our Wholesale Service Offering (WSO) and the Wholesale Tariff Document (WTD) and have included a completed typical example of the feedback that we have received ⁴⁶. We then use this insight to see how we can develop our publications and services to the requirements of our retailers in the future.

Retailer Forum

- 2.111 We initiated retailer forums in advance of the market opening and have continued to hold these regularly given their success. The forums provide an opportunity for us to have active engaged dialogue with multiple retailers on a wide range of topics.

The topics covered in these forums varies depending what retailers want to cover, but have included;

- Portal & Bilateral Services
- Unplanned and Planned events
- Wholesale Services
- Wholesale tariffs, charging and allowances
- Metering
- Water Efficiency
- Retailer priorities
- Market Changes

- 2.112 We also survey our retailers at these forums using a 'quadrant' feedback method. We find this useful to focus on future topics for discussion and service provision.

⁴⁶ TMS_AnnexB_Q16_Completed WTD & WSO Questionnaire.pdf



Figure 3: Quadrant exercise 2017 slide 1 of 3



Source: Thames Water

Figure 4: Quadrant exercise 2017 slide 2 of 3

You said that we did these well...

- Relationships with Retailers and Account Management
- Invoicing process
- Forums
- New initiatives- such as the pricing tool and the collateral floor

We listened...

We have:

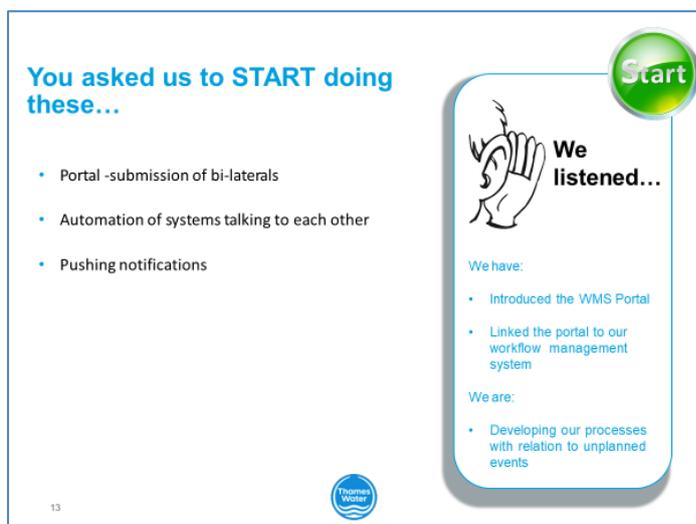
- Expanded our account management team
- Continued our annual retailer forum
- Implemented our WMS Retailer Portal

Thames Water logo at the bottom center.

We commit to continue doing the things you say we do well while we work on the areas you told us we need to improve

Source: Thames Water

Figure 5: Quadrant exercise 2017 slide 3 of 3



Source: Thames Water

We introduced our retailer portal to help submission of bilaterals including prepopulated fields to reduce rejections. We continue to develop and refine the portal and set up a specific user group to drive this forward (see separate section)

2.113 A full copy of this slide deck is included showing all of the topics discussed on 11 October 2018⁴⁷.

2.114 We have held 3 of these retailer forums since market opening and the following 15 retailers have attended at least one;

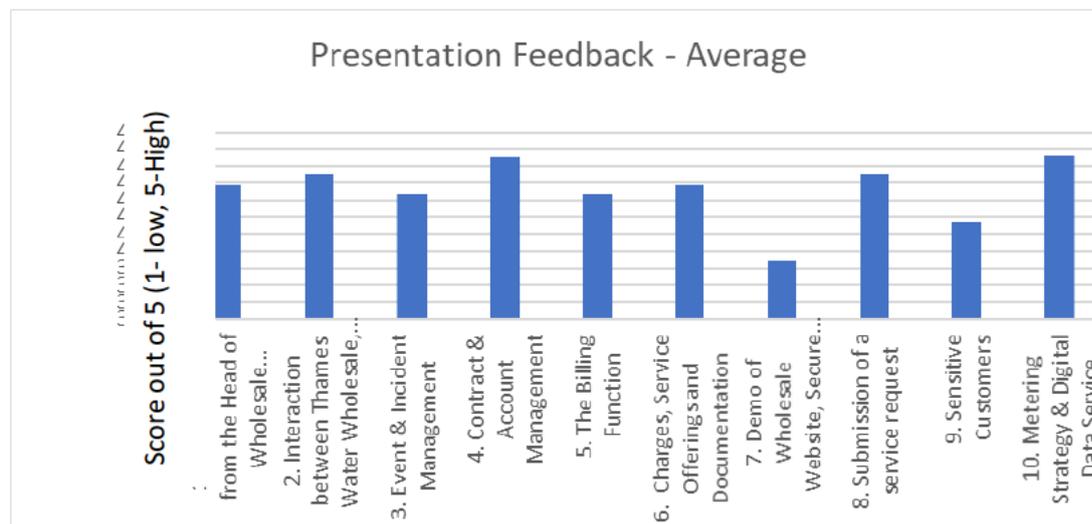
- Affinity for Business
- Business Stream
- Castle Water
- Pennon Water Services
- Regent Water
- South East Water Choice
- The Water Retail Company
- Waterplus
- Waterscan
- First Business Water
- Wave
- Yu Energy
- SES Business Water
- Smarta Water
- Clear Business Water

⁴⁷ TMS_AnnexB_Q16_Retailer Forum.pdf



2.115 General feedback of the usefulness of these and particular topics covered is shown below (we asked retailers to rate us on a score of 1-5 for the detailed topics).

Figure 6: Presentation feedback chart



Source: Thames Water

2.116 And some of the comments are;

“All very good”

“Great content, would be good to have follow-up working groups between annual forums”

“Overall it was a very useful and informative day”

“As always, a good session with interesting speakers, thank you”

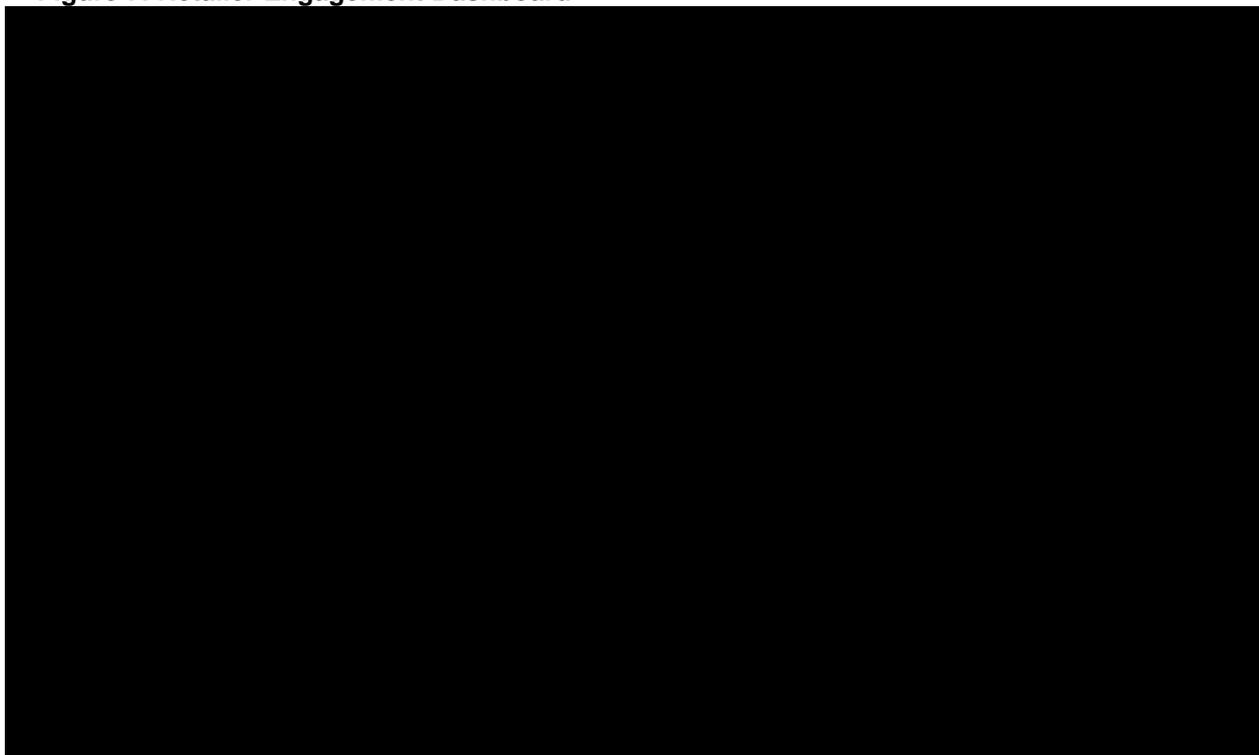
Account Management

2.117 Our Contract & Account Managers play a pivotal role in delivering a quality service to our retailers. They help provide insight on retailers, how retailers are feeling and what they are looking for from us as a Wholesaler.

2.118 We maintain a dashboard measuring the engagement we have with each retailer.



Figure 7: Retailer Engagement Dashboard



Source: Thames Water

Note: Personal information from this example Retailer Engagement Dashboard has been redacted

2.119 As part of the onboarding process our contracts and accounts management team deal with any retailer questions and help them through the process of signing a contract with us.

They advise the steps to take and what information we will need from them.

As a retailer, the Wholesale Contract for Wholesale Services is available to them on the basis of the services they are licenced to provide.

Once a retailer has a signed contract with us we will provide them with a new customer pack which holds our operating protocols. The account manager will then provide continuous service to them throughout the duration of the contract. This service includes;



- day to day management of the contract including subject matter experts weekly, fortnightly, monthly conference audio/video calls as appropriate. These cover all aspects of our relationship at an operational level and the Account Managers work with appropriate teams and subject matters experts within Thames Water to understand root causes to issues and agree improvement actions
- contract governance, which will include monitoring contract performance with robust key performance indicators (KPIs)
- management of relationship with all retailers purchasing services from TWUL Wholesale, including performance feedback channels
- manage and resolve contractual dispute and escalation above the service delivery enquiries and complaints handling
- management of instances in which the retailer believes the terms & conditions, or delivery of the deal was breached or misunderstood.
- carrying out activities to understand retailer satisfaction. We list below the priorities for us as viewed by our retailers

Table 6: Retailer Priorities – Feedback from Retailer Forum

<h2 style="margin: 0;">Retailer Challenges - Top 5</h2>					
Header	Description	Affected teams	Owned by	Date raised	Resolved?
1	TI45's and TCORRL45	No process in place and delay between transactions	Service Desk/ Revenue & Settlement/ Registrations	01 April 2019	No
2	Date Loggers - Failing	Process unclear/ Retailer not being notified of status/ Lack of ownership/ SLA/ change in processes not communicated	Metering/ Water Networks	01 December 2018	No
3	Metering Jobs where	Rejecting when pit is full and would suggest faulty lid etc. Who's responsibility is it?	Metering	01 May 2019	No
4	Metering Jobs where	Communication on Risk Assessment not clear/ POA's raised when not required/ Not recognising HBS risks	Metering	01 May 2019	No
5	New Connections on	New Spids are being created on existing properties and then allocated to different Retailer	Developer Services/ Registration	01 May 2019	No

Source: Thames Water

- 2.120 Retailers may request meetings with the contract and account management team to discuss issues they may have at any point in the contracting process.
- 2.121 Communications between retailers, our Account Managers and subject matter experts are captured in an Account Management Log. This contains details of all ongoing actions and matters with each retailer including changes to our services, updates to publications, understanding processes, reasons for rejections and also to ensure they are monitored, actioned and resolved. Through these communication channels we gather insight on the



challenges facing retailers and what improvements to services they would like to see implemented.

- 2.122 Since the market opened, we have made a number of improvements to our service offering and charges following feedback from retailers. The implementation of the Powers of entry to enable a meter read service is a recent example of how we have listening to the needs of retailers and improved our service offering. Further details of all the changes we have made to improve our services since the market opened are set out in our response to Q14.

Retailer User Group

- 2.123 We have set up specific retailer groups to help us gain insights and to look at specific areas of the market and our service delivery. An example of a group set up by Thames Water was our Retailer User Group. This was created to look at data issues and data initiatives involving our systems, as well as seek technical user focused feedback to help future developments and enhancements for retailers.
- 2.124 A particular focus is our bilaterals portal and our incident portal. We have acted upon feedback in these sessions to enhance our offering and improve the service for retailers.

Comments on this forum include;

“I personally found the meeting to be extremely constructive; it’s always good to touch base and break down barriers where possible. Much to build on”. [REDACTED]

“Thank you for running the session, I found it both insightful and informative. I look forward to seeing further development of the portal and subsequent improvements to the customer journey” [REDACTED]

R-Mex

- 2.125 Retailer Measure of Experience (R-MeX) – Thames Water chairs the Retailer Wholesaler Group (RWG) sub-group that is developing a Retailer Measure of Experience (R-MeX) and is committed to adopting the R-MeX measure prior to April 2020. We proposed this workstream as feedback we had received from retailers indicated that the regular market performance measures (Market Performance Standards and Operational Performance Standards) did not align well to the aspects of wholesale service that impacted retailers’ experience the most. The plan for the group is that the R-MeX measure will be taken forward as a formal code change proposal. During its development Thames Water volunteered to take part in a pilot exercise, where six retailers completed a pilot R-MeX survey for participating wholesalers. The retailer responses contained useful, actionable insight and has stimulated follow up discussions through our Account Management team.

PR19 Research

- 2.126 PR19 Retailer research – as well as engaging with non-household customers as part of our PR19 research to understand what our customers want, we carried out specific independent research with our retailers to understand their priorities. Fourteen out of the 25 retailers invited were able to take part, through telephone interviews and questionnaires. Retailer priorities and our response is summarised here



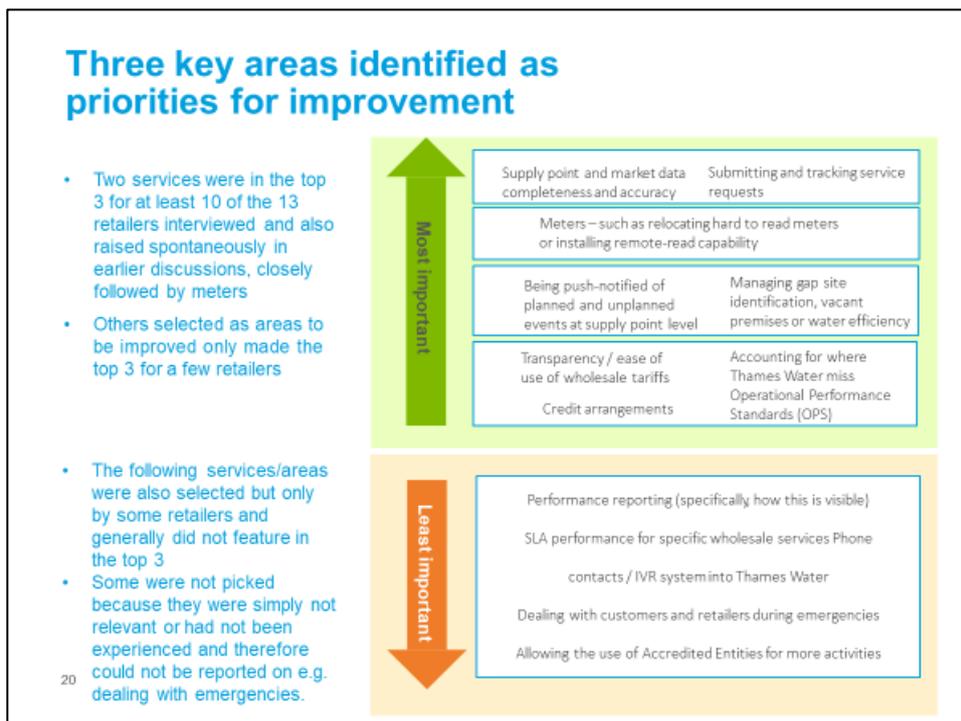
The key priorities set out were:

- to better automate the submission and tracking of service requests - following the research we have invested in developing and launching a new Thames Water Retailer portal for submitting and tracking service requests
- to improve market data quality – our actions to improve market data are set out in Q10.
- to make meters easier to read - our actions to reduce long unread meters are set out in Q9.

The secondary priorities identified by retailers were:

- being push notified of planned and unplanned events at a SPID level - we have aligned to RWG good practice guide for this
- to advance work on gap sites, vacant premises and water efficiency – we launched a water efficiency incentive scheme for retailers to support their work in this area; have included a commitment in our PR19 plan to introduce a gap site incentive scheme by April 2020; and have also included a performance commitment for vacant premises in our PR19 plan
- PR19 slide included in retailer forum pack – October

Figure 8: Three key areas identified as priorities for improvement



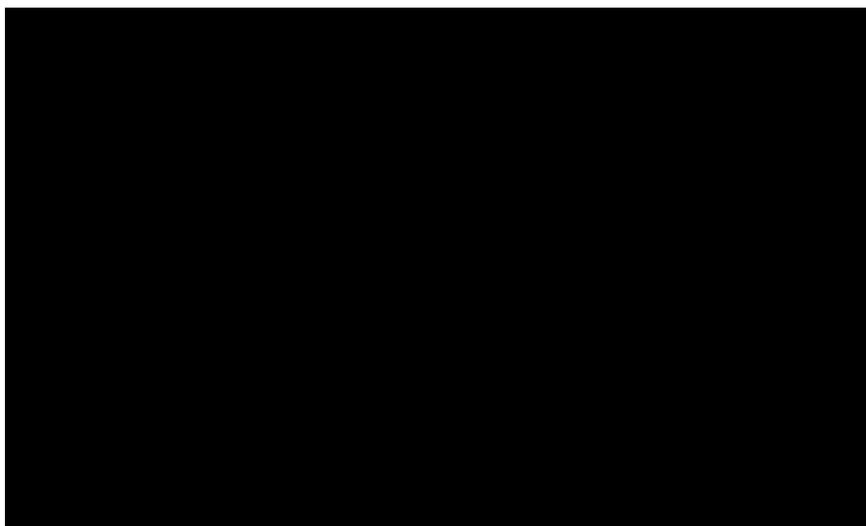
Source: Thames Water



Weekly Operational Calls

- 2.127 Thames Water values our relationship with our retailers. We believe that good communication is central to getting to the best resolution of issues or to agree direction. With this in mind we arrange regular catch-ups with retailers on specific operational issues, for example;
- 2.128 Long Unread Meters - we have a dedicated lead coordinating our project related to long unread meters within our area. We are currently developing an information pack with retailers to provide a project overview of progress that we are making. This pack is used on a scheduled weekly call with the specific retailer and a complete action log of the meeting is captured as well.
- 2.129 Vacant Premises - Similar to above we have a process lead focused on looking at vacancy within the marketplace and how we can work with retailers to reduce the number of vacant premises wherever possible. We have established a process for dealing with these premises. We conduct weekly calls with retailers to ensure they are fully aware of activities undertaken and to encourage timely updating of flags within the market.

Table 7: Example of weekly overview



This is an example of the weekly overview shared with the specific retailer.

Source: Thames Water

Q17: Concerning credit and payment terms, do you offer:

(a) alternative credit arrangements under Schedule 3 of the Business Terms of the Wholesale-Retail Code? If you have, what have you agreed and why? If not, or if you have refused a request for Schedule 3 terms, why not / why refused?

- 2.130 We were the first wholesaler to offer an alternative credit arrangement under Schedule 3 that waived collateral requirements for any customer on the first £1m of turnover in our region.
- 2.131 The arrangement is designed to maximise benefits for smaller and growing retailers while ensuring we continue to meet our non-discrimination obligations. We entered our first agreement with a retailer in December 2017 and are currently in place with 17 of our retailer customers.
- 2.132 Our approach to alternative credit is framed by a number of key principles:



- We want to support a vibrant market, including supporting small and growing retailers and are open to initiatives which maximise impact for these trading parties
- Any agreement entered into must be available to all qualifying parties. We ensure this is available to all of our 27 retail customers
- We are more willing to enter alternative arrangements where retailers can objectively demonstrate a reduction in their default risk. This is line with the findings set out in the review of credit arrangements in the market carried out in June 2018 by KPMG on behalf of Ofwat⁴⁸. KPMG found that the current market arrangements allow a larger proportion of unsecured credit cover than other markets and since 2018 arrangements have already improved for many retailers as result of further alternative arrangements and emerging and implemented code changes

2.133 At the time of writing we have been approached with 3 retailer led options:

- An approach based on insurance was rejected as the mechanism was unclear and unworkable. We did, however, propose and support changes to the market codes to establish an unsecured credit allowance for retailers with insurance on the basis retailers taking out insurance against customer default had clearly lowered their risk
- We are currently considering two further approaches from self-supply retailers and have not yet concluded this analysis

(b) alternative payment arrangements, under Section 9.2.4 and Schedule 3A of the Business Terms of the Wholesale-Retail Code Please describe. If not, why not?

2.134 We have not had any requests for an alternative payment arrangement to date.

(c) tailored offerings under (a) or (b) above to reflect specific characteristics of retailers (for example, self-supply retailers)? If not, please explain why this is the case.

2.135 As set out in (a) above, we maintain the principle that any such alternative offerings should be available to all retailers whilst recognising not all retailers may want to take up any one offer. We are currently considering two alternative proposals from self-supply retailers and have not yet concluded this analysis.

Q18: There is currently a gap in the protections available to customers under the Alternative Dispute Resolution (ADR) provisions insofar as non-household customers cannot get a remedy which is binding on the wholesaler. What, if any, unilateral actions have you taken to address the ADR gap in relation to compensation from wholesalers?

2.136 Thames Water recognises that the current provisions lack the appropriate balance between Retailers and Wholesalers in Alternative Dispute Resolution (ADR). In light of this, Thames Water has continued to accept ADR applications which relate to a non-household customer.

2.137 Our Wholesale Service Offering sets out the detail of the processes followed if our Thames Water complaint process has been exhausted and the customer remains dissatisfied. This

⁴⁸ Ofwat Review of credit arrangements for the non-household retail market KPMG June 2018



process includes an agreement from Thames Water that we will continue to work collaboratively with the Retailer, Consumer Council for Water (CCWater) and the end customer to address the escalation.

Excerpt from 2019-2020 Thames Water Wholesale Service Offering to Retailers.

“Consumer Council for Water complaints and Water Redress Scheme

As set out in the Wholesale Contract/Wholesale-Retail Code you will need to provide your non-household customers with information about how to escalate their complaint if they remain dissatisfied. This should include contact details for your appointed Redress Scheme provider and the Consumer Council for Water. If we are contacted by the Consumer Council for Water or your Redress Scheme provider or our Water Redress Scheme provider regarding a complaint made by a non-household customer, depending on the nature of the complaint, as described above, we will either:

- where this relates to a wholesaler matter, work with the non-household customer and, where relevant, the Consumer Council for Water and Water Redress Scheme provider to address the complaint or dispute; **or**,
- forward the correspondence to you and notify the Consumer Council for Water or Water Redress Scheme provider that the complaint or dispute relates to retailer matters and that you will be dealing with it
- in all cases we will look to work with you collaboratively to address the complaint or dispute”

2.138 Since April 2017, we have received eight applications via the ADR process. We will continue to accept these applications when the customer has followed the relevant process and has not been satisfied with the outcome from the CCWater investigation. Of these eight cases, we offered compensation on four occasions and three of these offers were accepted by the customer.

2.139 Thames Water continues to be an active contributor to the RWG complaints working group with Retailers, Wholesalers and CCWater representatives who are addressing this issue and looking to propose changes to formalise the role of wholesalers where necessary.

Q19: In 2018/19, how many requests did you receive from, and how many separate payments did you make to, retailers under the Guaranteed Standards Scheme? How many, if any, of the requests were subject to dispute between you and the relevant retailer(s)? How many, if any, of the payments made were subject to dispute between you and the relevant retailer(s)?

2.140 The nature of our process means that we proactively identify where GSS payments are due to customers, and as a result we receive only one or two GSS enquiries from retailers each quarter.

2.141 Since market opening, we have made proactive payments to retailers, often daily, for any payments due to their customers as a result of our GSS failures. These payments are accompanied by supporting information in relation to the nature of the failure, the value of payment due per SPID and other supporting information necessary for the retailer to credit their customer. As part of our process, we automatically assess the timing of our actions both to



ensure compliance with market code service levels and to proactively add late payment values as appropriate.

2.142 During 2018/19 we made a total of 338 payments to retailers. Each payment listed in Table 8 below was for one or more GSS failure and in addition to the payment/credit note, the retailer would have received a full breakdown of each individual failure which made up the total value of the payments.

Table 8: Number of value of GSS payments made to Retailers during FY18/19

Retailer	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total no Payments to Retailer	£ Payments to Retailer
Grand Total	25	33	23	33	28	20	33	35	19	28	21	40	338	£562,018

Source: Thames Water internal

- 2.143 We have reported no F/02 complaints received in relation to a failure to make a GSS payment or to make a payment in a timely manner.
- 2.144 None of the GSS payments made in 18/19 were disputed by retailers.
- 2.145 For completeness, in the current year we have received an enquiry on 29 July 2019 in relation to a potential missing late payment for one SPID which was investigated and resolved within 24 hours with a top up payment being made. We also received enquiries on 1 May 2019 and 7 October 2019 in relation to a single potential missing late payment for one SPID and the timing of a batch of payments being outside service levels. We agreed that late payments were due and identified that the late notifications were both isolated issues to be addressed by a team reminder and refresher training for specific agents.
- 2.146 We have good working relationships with retailers which helped us to work together to identify schools and other priority Non-household customers due exceptional payments because of network issues arising from the Freeze / Thaw weather event in 2018.



C Annex C: Market for Developer Services

Q1: Please explain how your developer services teams manage their competition law obligations in delivering services to developers, New Appointments and Variations (NAVs) and self-lay providers (SLPs) and in-house operations?

- 2.147 Our teams recognise how important it is to operate within the market for developer services in such a way as to protect customers and promote positive outcomes for all market participants. They understand their obligations to other parties and potential entrants to the market, grounded in a strong understanding of competition law. We deliver annual competition training⁴⁹ with our Legal department to customer facing staff and last year we launched an e-learning competition training course⁵⁰ so that all our people in Developer Services can refresh their understanding of this area annually.
- 2.148 Our Legal department provide reference materials that are listed at the end of the training and consist of a competition compliance factsheet⁵¹, manual⁵² and policy⁵³ respectively. We rely on our contractors for delivery of many aspects of developer services work and as such, we communicated key competition messages to each of our regions. We have also created an Alliance Compliance Policy⁵⁴, to re-enforce the high ethical standards we expect from our own people as well as our contractors.
- 2.149 We monitor that all our people complete the required competition training. We also involve our Legal team in any substantial changes, for example new connections charging, to ensure we are compliant with competition law.
- 2.150 Over the past few years, we have implemented numerous improvements to our self-lay process to ensure that our customers are fully aware of all the options that are available to them. We have updated all our marketing literature and website, as well as customer communications such as our quote template to explain the choices available to our customers⁵⁵.
- 2.151 Our Developer Services website gives customers developing a large site the choice of “Using a self-lay provider”⁵⁶ and “Using a NAV”⁵⁷. Our website also explains the self-lay option to developers⁵⁸.

⁴⁹ TMS_AnnexC_Q1_Appendix 5a_Face to face competition training for DS Nov 2018.pdf

⁵⁰ TMS_AnnexC_Q1_Appendix 5b_TW E-learning competition training 2019 screenshots.pdf

⁵¹ TMS_AnnexC_Q1_Appendix 5c_Compensation Compliance Factsheet (2018-19).pdf

⁵² TMS_AnnexC_Q1_Appendix 5d_Compensation Compliance Manual 2018-19.pdf

⁵³ TMS_AnnexC_Q1_Appendix 5e_Compensation Compliance Policy.pdf

⁵⁴ TMS_AnnexC_Q1_Appendix 5g_Alliance Partner Compliance Policy.pdf

⁵⁵ <https://developers.thameswater.co.uk/-/media/Site-Content/Developer-Services/Your-Water-Connection-Choices-new.pdf?la=en>

⁵⁶ <https://developers.thameswater.co.uk/Developing-a-large-site>

⁵⁷ <https://developers.thameswater.co.uk/Developing-a-large-site/Using-a-NAV>

⁵⁸ <https://developers.thameswater.co.uk/Developing-a-large-site/Using-a-self-lay-provider>



- 2.152 We also provide a quote template⁵⁹ that is sent to our customers explaining the choices that are available to them, even after we have quoted to deliver work as a requisition.
- 2.153 Our new connections charging arrangements⁶⁰, published on our website, are presented in a clear and accessible manner distinguishing throughout between our contestable and non-contestable charges. We received positive feedback from various stakeholders including recognition from Ofwat in its January 2019 report⁶¹, who said “The new connections charging arrangements were particularly well laid out and accessible. They included clear explanations of what work was needed at each stage, and the charges that applied. Clear, helpful diagrams were also included. A number of worked examples were provided, which were clear and helpful and supported the main document.”
- 2.154 We have built up a dedicated self-lay team who work closely with SLPs to improve the service that we jointly provide to our developers and promote competition where possible. For example, we make more services contestable than other appointees do, by allowing SLPs with the right accreditation to connect pipes under pressure to existing assets in certain circumstances.
- 2.155 Relationships with NAVs are managed within our Wholesale Market Services (WMS) team. They manage the end to end relationship with NAVs from initial application to appointment and ongoing contract management. During the application process, WMS ask our Developer Services team to provide network information and to plan any necessary bulk connections. We are aware that NAVs are competing with Thames Water (and SLPs) to win work from developers and this separation ensures information and applications are handled confidentially and in a compliant manner.
- 2.156 We set stretching service levels for all our customers and strive to meet them (although we recognise that we do not always get it right). Looking at our Water UK level of service, almost 98% of measured customer interactions are delivered on time. See response to Annex C - Q13 for more detailed analysis of service levels for NAVs and SLPs.
- 2.157 If any competition concerns are brought to our attention, we will investigate immediately. We are aware that some allegations were referred to Ofwat via an anonymous whistle-blower in late 2018; we followed due process in investigating these and responded to Ofwat in February 2019.

⁵⁹ TMS_AnnexC_Q1_Appendix 3_Quote letter template.pdf

⁶⁰ <https://developers.thameswater.co.uk/-/media/Site-Content/Thames-Water/Help-and-Advice/Helpful-literature/Charges-and-tariffs/Charging-arrangements-2019.pdf?la=en>

⁶¹ Company monitoring framework: 2018 assessment Individual company report Thames Water, page 5



Q2. Please describe what actions you take to promote a vibrant and effective developer services market on an ongoing basis.

(a) Results

2.158 Over the past few years, we have been actively promoting choice to our developers and have seen the self-lay market for new water main connections grow in our area from 2.4% in March 2016 to 22.8% in March 2019, if looking at properties, as shown by the table below.

Table 9: Growth in self-lay market for new properties

	2015/16	2016/17	2017/18	2018/19
New properties where SLO undertake significant proportion of contestable activity	852	4,067	4,679	8,413
Total new properties (excluding NAVs)	35,755	42,247	38,288	36,861
Self-lay as % of new properties	2.4%	9.6%	12.2%	22.8%

Source: Thames Water internal reporting

(b) Promoting Market Development

2.159 We have been active in the recent consultations for proposed changes – Code for Adoptions (Water and Waste), D-MeX and New Connections Charging for April 2020. We recognise that these structural changes to the regulatory regime will yield competition benefits for the market.

Code for Adoptions

2.160 We welcome the consistency and harmonisation that the Codes for Adoption (Water and Waste) will bring to the self-lay market. See our response to Annex C - Q14 for more detailed analysis on how we're preparing for implementation for each Code for Adoption.

2.161 We recognised in mid-2018 that the Water Code for Adoption Programme did not have sufficient resources to move it forward in the right way, so we provided a full-time resource to support the industry wide programme last year.

2.162 We have also been active participants for the Waste Code for Adoption Programme, and we spoke at the Water UK meeting in Nov 2018⁶². We are also contributing to the SUDs (Sustainable Urban Drainage) training program which is being organised through Water UK for Developer Services staff.

D-MeX

2.163 We welcome the introduction of D-MeX and the intended focus on services issued to large developers, end customers, SLPs and NAVs that it will be bring. We recognise that promoting

⁶² TMS_AnnexC_Q2_Appendix 1_Code of Adoption (Sewerage) presentation, Water UK, Nov 2018.pdf



competition is not a specific objective of D-MeX, but feel that it will help extend the trust of all parties.

- 2.164 We have been an active lead at Water UK when discussing amendments and improvements to levels of service to support the quantitative metric. We presented our views at the Water UK Developer Day on 21 October 2019⁶³.
- 2.165 We are keen to ensure that D-MeX represents the views and experiences of all customer groups. The current methodology for qualitative surveys means that > 90% of the surveys relate to homeowners and small builders, with <2% coming from NAVs and SLPs. Now that there is no relationship survey to capture the voices of SLPs, NAVs and large developers, it is crucial that greater weighting is placed upon quantitative metrics, and an appropriate basket selected which give more weight to these groups.
- 2.166 We have provided feedback to Ofwat within our Draft Determination response and where requested to Ofwat's agents our views on how this issue can be mitigated. We look forward to seeing the final proposals as part of the Final Determination.

Water UK NAVs working group

- 2.167 We welcome the new performance metrics being proposed by Water UK for NAVs and have been feeding our responses to the Water UK NAV project group⁶⁴. We believe this a step forward within the NAV market as it will enable a more competitive environment across the wider connections market with measured SLAs. It is likely to make processes more efficient between both NAVs and Incumbents due to clarification of information provision, and industry standard bulk agreements. We fully support the work being done here.

New connections charging

- 2.168 We have extensively engaged with stakeholders on the proposed changes to new connections charging. We have been signposting at events such as our Developer Day in February 2019 that changes are coming. After the new charging 2020 rules were published, we ran a workshop with developers, SLPs and NAVs to discuss what changes meant in our region and seek early input from them on topics that were later included in our formal consultation.

Other

- 2.169 In the past year, we have been sharing best practice with our peers (Southern Water and Yorkshire Water).

⁶³ TMS_AnnexC_Q2_Appendix 4_D-MeX presentation at Ofwat Water UK Developer Day 21 Oct 2019.pdf

⁶⁴ TMS_AnnexC_Q2_Appendix 3_TW response to behavioural improvements project recommendations report.pdf



2.170 In May 2019, we presented at Utility Week live, specifically around “Serving new developments”. This involved sharing a platform with Home Builders Federation (HBF), Fair Water Connections (FWC) and Ofwat ⁶⁵.

(c) Specific pro-active engagement with our customers

2.171 At our annual Developer Day in February 2019, we brought together Developers, SLPs and NAVs to ensure that everyone heard the key messages that we wanted to deliver over the coming changes in the connections market and how they will be delivered in our area, we also facilitated breakouts for SLPs and NAVs to network with developers. This was well-received by all our customers, as shown in the slido poll results⁶⁶.

2.172 We engage with our different customer groups in numerous ways that are detailed in our answer to Annex C - Q12 below and often, go further than our regulatory obligations. For example, for Water Code for Adoption, we ran a workshop⁶⁷ in November 2018 with SLPs to walk through all proposed changes along with process maps to ensure our SLPs fully understood how the proposals would apply in the Thames Water region to help them feedback on the Water UK consultation.

2.173 We regularly engage with our large developers, SLPs and NAVs through monthly newsletters, annual forums and workshops to keep them informed, consult on proposed changes and provide feedback so we can continually improve our service. We invite Ofwat and industry representatives from HBF and from FWC to these events. Feedback from these events has been very positive.

2.174 Industry representatives and our peers have commented on the “seismic” improvements in communication and positive turnaround we have achieved⁶⁸.

2.175 We run a quarterly Developer Scrutiny Panel which is a valuable sounding board for ideas and change; provides useful developer insight and feedback; and helps disseminate information to the wider developer community. This panel comprises standing members representing a cross-section of large developers and guest attendees who have nominated themselves to attend occasionally. The outputs of these meetings are shared with all subscribers to our developer newsletter.

2.176 For our large developers, we offer monthly “Ask the expert” sessions to help resolve their complex design and technical queries about a specific site.

2.177 In parallel, we offer NAV specific site project meetings to understand more about their development and requirements pre and post bulk agreement to ensure we are best positioned

⁶⁵ TMS_AnnexC_Q2_Appendix 2_Improving the developer experience presentation, Utility Week Live May19.pdf

⁶⁶ TMS_AnnexC_Q12_Appendix 02b - Slido poll results Developer Day 7 Feb 2019.pdf

⁶⁷ TMS_AnnexC_Q2_Appendix 1_Code of Adoption (Sewerage) presentation, Water UK, Nov 2018.pdf

⁶⁸ TMS_AnnexC_Q2_Appendix 5 Positive feedback on TW Developer Services.pdf



to serve them and offer them our expertise. These involve members of Developer Services along with the Wholesale Market Services NAV team.

2.178 Our response to Annex C - Q12 highlights the extensive engagement we have with the different segments of our customer base.

(d) Future Engagement

2.179 As we move into the next Price Review period, we will be reviewing our engagement levels and will aim to maximise our efforts with our available resources.

2.180 Our current forward plan is outlined below:

- Developer Scrutiny Panel – 30 October 2019, January 2020, then intend to run quarterly thereafter but dates are not yet set
- Ask the expert – intend to run monthly for the rest of the year
- Developer newsletter – intend to send quarterly for the rest of the year
- Developer Day – planned for February 2020
- Self-lay newsletter - intend to send quarterly for the rest of the year
- Self-lay forum – ran recently, and participants were keen this continues as an annual event to run next year
- NAV day – 6 November 2019

Q3. To enable a better understanding of the market, at a high level please describe the following points. Note that no supporting data is required to be submitted for this question, if it is not easily obtainable:

(a) What is the breakdown in size of developments you are seeing each year (e.g. of new connections, the % of single properties, % small developments <20 properties, % medium >20 and <100 properties, % of large developments >100 properties?)

2.181 In 2018/19 we and SLPs connected 36,861 properties across 5,090 new developments.



Table 10: Breakdown of these developments by size is shown below.

Number of developments by size	Number of developments	% of total
Large (>100 properties)	49	0.96
Medium (>20 and <100 properties)	339	6.66
Small (<20 properties)	2,105	41.36
Single Property	2,597	51.02
Total	5,090	100.00

Source: *Thames Water internal reports*

(b) What is the breakdown in developer customers (i.e. customers who are not SLPs or NAVs) you are seeing, e.g. what proportion of new connections is for your five largest developer customers? How many developer customers might you have in one year?

- 2.182 In 2018/19 Thames Water connected 28,448 properties to our water network. SLPs connected a further 8,413 properties.
- 2.183 The 28,448 properties were from 3,685 distinct developer customers. The top 5 customers (4 consultants and a large developer) by property accounted for 3,959 properties connected, which is 13.92% of all TW connected properties.

(c) What proportions of new connections are brownfield vs. greenfield?

- 2.184 Our definition of greenfield v brownfield used here is an approximation based upon post code, matched to the local authority classification of that area from ONS. We have made an assessment by each classification⁶⁹ whether it is predominantly brownfield or greenfield. Table 9 shows proportions of connection on this basis.

Table 11: Show proportions of connection on this basis

Connections for greenfield and brownfield sites	TW Delivered	Self-Lay	Total
Properties	28,448	8,413	36,861
Greenfield	9%	65%	21%
Brownfield	91%	35%	79%
Total	100%	100%	100%

Source: Thames Water internal analysis and ONS Post code directory Aug 2019 data

Q4. Please provide information on SLPs in your area:

(a) How many SLPs have carried out new connections in your area (number of SLP companies as opposed to number of SLP connections)?

⁶⁹ TMS_AnnexC_Q3_Appendix 1_Classification of brownfield and greenfield.docx



- 32 different SLPs have undertaken work in our area over the last three years
- 19 of these have made connections in the last 12 months

(b) What services do SLPs tend to provide (e.g. do they do the design themselves; are they multi-utility or water only)?

- Out of the 32 SLPs that operated in our area in the last three years, 27 are multi-utility providers and 5 are water only
- Until September 2019 when we received our first Self Lay design to review, SLPs have not undertaken their own design work in our area
- All 32 SLPs provide main laying services and 5 hold all Water Industry Registration Scheme (WIRS) accreditations, enabling them to make under-pressure connections off our existing network

(c) Do they tend to compete for a particular size or type of development? Please describe the size/type of development.

- The typical size of development that SLPs work on in our area is on average residential developments of 100 plots
- SLPs typically lay around 500 metres of onsite main per development
- 65% of sites that SLPs work on in our area are greenfield sites
- 90% of the work that SLPs undertake in our area is in the Thames Valley area and 10% is undertaken in London

Q5. Please note any other aspects of the market that are helpful context for your area.

2.185 A characteristic of Thames Water's region is that we have a disproportionately large number of properties connected each year which are internal flats within larger apartment buildings.

2.186 In 2018/9 there were 36,861 properties connected in Thames Region (8,413 by SLPs and 28,448 by Thames directly). During AMP6, an average 19,500 new properties per annum were those with internal meters in buildings with a single bulk connection. Even though this is a contestable market segment, it would appear that no SLPs are willing to compete. Instead, they appear to be interested in schemes where large lengths of mains are installed and asset payments made. The upcoming changes in charging rules may change this however, as the income offset becomes attached to the Infrastructure charge rather than the length of mains laid. Hence this market may become more commercially attractive to SLPs.

2.187 In Annex C - Q2 we highlighted the market share based upon the number of properties which are connected by self-lay providers (in 2018/19 it was 22.8%). This figure includes all these internal properties where the SLPs do not currently compete. Therefore, it may be instructive to consider market shares for those markets where SLPs do want to compete. For example, if we



were instead to look at the market share of new mains built, as measured by length of main installed, then we get a much higher market penetration by SLPs - 56% in 2018/19.

Table 12: Deliverer of new Water mains in Thames region

Year	% Self Lay	Length of Self-Lay Delivered Mains (km)	Total Length of Delivered Mains (km)
2015/16	23	19	84
2016/17	62	62	100
2017/18	49	60	123
2018/19	56	76	125

Source: Thames water internal Analysis

2.188 In conclusion, there are several different ways in which market penetration can be measured and when using Length of main laid, which appears at present to be the key driver of SLP activity, the success of competition in the Thames Region is apparent.

Q6. Emma Kelso’s letter of 29 April 2019 requested that you urgently review your new connection charges to ensure that they are cost reflective, transparent and do not prevent, restrict or distort competition.

(a) Please provide details of what work you have carried out in response to this letter. If a review was carried out, please send us the conclusions of the review and explain how this has been communicated internally.

2.189 We carried out a detailed review of all points⁷⁰ noted in Emma Kelso’s 29 April 2019 letter with our Legal and Strategy & Regulation teams. In addition, we prepared a summary paper for our Regulation Director⁷¹. In summary, we concluded that we are compliant with competition law and charging rules obligations for new connection charges.

2.190 Whilst the 29 April letter did not request a response from us, we had intended to respond setting out the work we had undertaken and our conclusions. We then received the subsequent letter from Rachel Fletcher on 28 May 2019 and decided to incorporate everything into one response for the end of October.

2.191 There is one area that we are working on, previously notified to Ofwat⁷², and this is to offer a separate mains requisition design charge. Historically, self-lay providers (SLPs) in our area have indicated that undertaking design was not a priority for them. This was verbally checked with SLPs at our Code for Adoptions Workshop in November 2018. In September 2019 we received our first SLP design to check rather than do ourselves. We understand that there are regional differences and in other water company areas, SLPs actively offer design services to developers. As a result, we will introduce separate charges for design costs as part of our 2020-21 charges scheme, among other changes as set out in response to part c) of this question.

⁷⁰ TMS_AnnexC_Q6_Appendix 2_Detailed review of Emma Kelso letter 29.4.19.pdf

⁷¹ TMS_AnnexC_Q6_Appendix 3_Summary review of Emma Kelso letter 29.4.19.pdf

⁷² TMS_AnnexC_Q6_Appendix 1_TW response to Ofwat RFI Design Services for Self Lay 25.1.19.pdf



(b) What changes have you made to your charging arrangements since the letter?

2.192 We have not made any changes to our charging arrangements since the Emma Kelso letter dated 29 April 2019. Our 2019-20 charging arrangements for new connections services were published on 1 February 2019⁷³ and are valid for the year from 1 April 2019 to 31 March 2020. Given the review in (a) above, we felt there were no grounds to affect any mid-year revisions to our charging arrangements.

(c) What changes are you planning to make, and what are the timings for the implementation of change?

2.193 We are planning to make the following changes to our Charging Arrangements from 1 April 2020:

- Separate application and design costs from connection and pipelaying charges and introduce separate non-refundable fees for mains and service connections
- Introduce a mains design checking fee for those customers who wish to provide their own mains designs
- Apply income offset to water infrastructure and network charges instead of against mains and sewer requisitions
- Discontinue all asset payments
- Improve the clarity of our wording in the charging arrangements about what is included in the quoted fees, especially for the ancillary charges

2.194 More specifically, following workshops with our customers, we developed proposals and appointed an independent agency to capture feedback from across our customer types about whether they agreed or disagreed with these proposals:

⁷³ <https://developers.thameswater.co.uk/-/media/Site-Content/Thames-Water/Help-and-Advice/Helpful-literature/Charges-and-tariffs/Charging-arrangements-2019.pdf?la=en>



- Continuing with flat-rate infrastructure charges but harmonise payment options so that all customers can choose to pay in advance or when connection is made
- Applying a flat-rate income offset to all new connections and for that to be applied at the same time the infrastructure charges are paid
- Discontinuing income offset on sewer requisitions
- Introducing a flat rate mains application fee and banded rates for design fees according to the number of properties
- Our intention to publish plans in December ahead of new charges being published on 1 February
- Honouring all quotes issued pre-April 2020 under 2019/20 charging rules as long as they are accepted within their validity period, work commences within 12 months of acceptance and there are subsequently no major variations to the scheme design

2.195 Most respondents agreed with our proposals, but we are currently taking the opportunity to reconsider our approach in certain areas to address specific concerns. These include:

- Whether to introduce an interim income offset approach for schemes with significant negative impact as a handling strategy for customer who would be significantly worse off under the new rules, this would only be for a limited period
- Improving communication as to why income offset will not be offered on waste only schemes
- Whether transition arrangements will consider application received date rather than quote issued date

Engagement Approach

2.196 We are following a similar rigorous and consultative approach for setting our new connection charges 2020 as in previous years, as this received positive feedback from various stakeholders, including Ofwat in its January 2019 Company Monitoring Framework report.⁷⁴

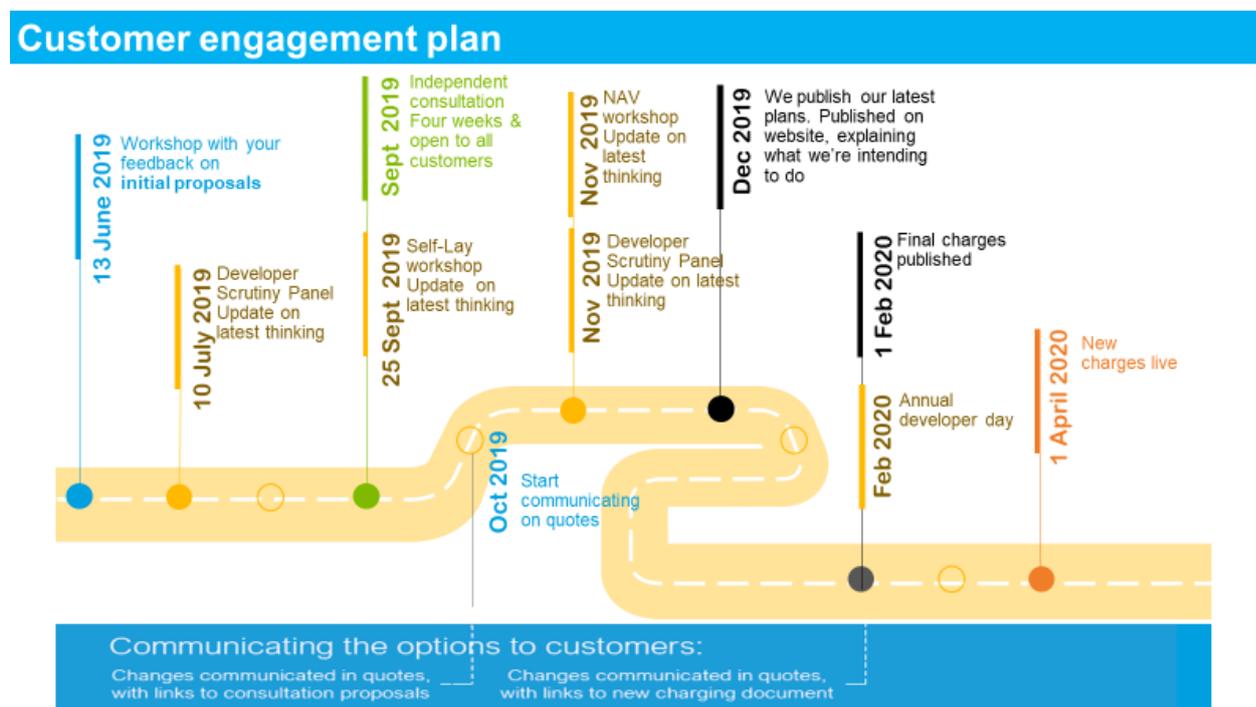
⁷⁴ Company Monitoring Framework 2018 assessment individual company report – Thames Water page 5



The picture below shows our customer engagement plan:

- We held a charging workshop⁷⁵ in June 2019 for developers, self-lay providers, NAVs and Ofwat which received very positive feedback from all attendees
- We held a Developer Scrutiny Panel⁷⁶ in July 2019 to share our latest thinking on proposed charges
- A formal, independent consultation⁷⁷ was run in September 2019
- We are running engagement events in October/November 2019 with developers, SLPs, NAVs ahead of publishing our charges in February 2020 – Developer Scrutiny Panel on 30 October 2019 and NAV day on 6 November 2019
- Post publication of our 2020-21 charges, we will hold a Developer Day in February 2020 where we will share these charges

Figure 9 Customer Engagement plan



Source: TMS_AnnexC_Q12_10a - Self-lay forum 25 Sept 2019 slides.pdf Slide 47

Q7. Please explain how your charges reflect costs:

(a) How did you calculate the charges? What were your data inputs?

2.197 We have two key approaches to charges. For some Requisitions, which fall into Special Circumstances (these are detailed in Chapter 14 of our charging arrangement document⁷⁸) and

⁷⁵ TMS_AnnexC_Q12_Appendix 08 - DS 2020 connection charges workshop 13 June 2019 slides inc minutes.pdf

⁷⁶ TMS_AnnexC_Q12_Appendix 03a - Developer Scrutiny Panel 10 July 2019 slides including minutes.pdf



Diversions, we charge at actual cost. We will provide an estimate to the customers and will reconcile this to actual cost once a final account with our contractors has been agreed. We use the same approach for our waste charges.

- 2.198 Our second approach is for all other water charges, where we use historic data from our contractors to construct a schedule of rates based on each element of activity required to construct each job. These elements include surface type, number and size of joints and manifolds, dig methods and other factors. We also make assumptions about the likely mix of work to complete a job. These assumptions are reviewed and approved by management. Finally, we also make assumptions about the average traffic management cost likely to be needed for the job, which would be difficult for customers to determine (we deal with 57 Highway Authorities across our region).
- 2.199 We then turn these rates and assumptions into a suite of published Fixed Tariffs.
- 2.200 Our direct internal costs associated with Developer Services are recovered through our tariffs by applying a multiplier to the external cost where applicable. As per previous Ofwat guidance (Independent review of S45 administration fee and overhead cost on behalf of the Water Services Regulation Authority Ofwat, April 2014) wider company on-costs are currently excluded from our Tariffs.
- 2.201 Cost, work mix and assumptions are updated annually.

(b) For requisition charges and infrastructure charges (and other charges if applicable), explain what you consider to be relevant drivers of costs and how these have been used to determine relevant charges.

- 2.202 Requisitions charges are based on the costs as explained in response to part (a). However, the Discounted Aggregate Deficit (DAD) model is used (up until April 2020) to apply an income offset or asset payment to reduce the Fixed Charge payable by the customer. Network Reinforcement costs are excluded from the calculation of requisition charges. Requisition costs are therefore limited to the site-specific costs to serve the new development.
- 2.203 The key drivers of cost are surface type and pipe diameter, which drive different cost bandings in our Schedule of Rates with our contractors (and tariffs to our customers). The size of development is not a consideration on how we incur costs under this contract.
- 2.204 Traffic management costs also impact the costs of a requisition but since these are not easy to predict for an individual, we do not use these as a driver of requisition costs but instead recover over all jobs which have a surface type of in the road.
- 2.205 For infrastructure charges, the forecast level of network reinforcement costs over each 5-year period are the driver of costs. We estimate these for water and waste and divide by the forecast number of connections for water and waste to calculate the infrastructure charges.

⁷⁷ TMS_AnnexC_Q12_Appendix 07 - DS 2020 Charging Arrangements - independent consultation.pdf

⁷⁸ <https://developers.thameswater.co.uk/-/media/Site-Content/Thames-Water/Help-and-Advice/Helpful-literature/Charges-and-tariffs/Charging-arrangements-2019.pdf?la=en>



(c) Do cost drivers vary across your region? If so, how are, or will, these differences be reflected in charges?

- 2.206 Costs do vary across our region. Our schedule of rates contract is split into 3 areas North London, South London and Thames Valley, each with its own set of rates.
- 2.207 Traffic management costs also vary across these 3 areas based upon how they are levied by each of the 57 different Highway Authorities.
- 2.208 However, we do not and do not intend to apply different prices in each of our regions to reflect these different regional costs. The factors that drive differences are not easy for individual customers to predict, and therefore we believe are against the general charging principles set out in the Charging rules for New Connections published by Ofwat in August 2017 and updated annually since. Instead, we apply a single set of Fixed Tariffs to our entire area, which are derived by blending the work mix and rates for each area.
- 2.209 This approach is supported by feedback through our consultations for 2018-19 and 2020-21 new charging where customers do not want us to make our tariffs more complicated.

Q8. Where you rely on contractor rates to determine cost, please provide more information about those rates:

(a) How are costs structured or formulated (e.g. are they based on a schedule of rates)?

- 2.210 We have a schedule of rates for our Clean connections activity based on activity performed, surface type and pipe diameter. For our Waste activity and large complex jobs, we pay our contractors on actual cost basis.

(b) What services do contractor rates apply to?

- 2.211 Service Connections, and simple Mains Requisitions and Diversions are carried out under the schedule of rates. The larger more complex Mains Requisitions, Water Diversions and all Waste jobs are paid on an actual cost basis.

(c) What assurance can you provide that these rates are cost reflective? Please provide supporting documentation.

- 2.212 The Schedule of Rates contract has a ratchet mechanism where our contractors must provide us with their annual Actual cost ledgers which are reviewed, assessed and adjusted for any disallowed costs, this is then compared to the costs recovered through the schedule of rates. If there is a variance greater than the contracted tolerance, this automatically generates a change (ratchet %) to true-up the schedule of rates to reflect the actual cost. This is applied to the rates for the following year. The ratchet can be a cost increase or decrease and is subject to inflation. This ensures our costs remain reflective and that our contractors do not make excessive profits at the expense of developers.
- 2.213 Activities not covered by the schedule of rates are paid on an actual cost basis and our contractors must provide their ledger data to support the costs. For wastewater tariffs the final account agreed with our contractors is used in the future tariff calculations. The volume of wastewater jobs is very small and so these tariffs may fluctuate significantly year to year based upon the parameters of the historical jobs completed. We consulted in 2018 on this approach



to pricing wastewater jobs and our customers confirmed they would rather have a fixed price which could fluctuate than deviate from the charging rules and price each job on application.

2.214 Our Tariff models were reviewed by KPMG for the 2018-19 year to ensure compliance with the new charging rules. This was conducted in parallel with a review by our Legal team to assure that we had interpreted the new rules correctly. For 2019-20, the models were not changed, but the costs were updated, and Thames Water internal audit carried out assurance on the Tariff's and Legal assurance was provided for any changes to the charging arrangements document. Our assurance statements for our 2018-19⁷⁹ and 2019-20⁸⁰ new connection charging arrangements respectively are published on our Developer Services website.

Q9. Do you have any of the following instances:

(a) Do you have any similar services for which you levy a charge on one customer type (developer, NAV, SLP, etc.) and not another? If so, please describe the service and the reason for the difference.

2.215 Our New Connections tariffs charge per activity and do not differentiate between customer types. We are breaking down some activities to a lower level of detail for 2020-21 Tariffs to reflect where different customer types might require a slightly different activity/service e.g. choice on a Main requisition to do their own design and pay a checking only fee rather than the full design fee which was previously included in our requisition charge.

2.216 We have experimented with offering free utilities maps provided through our Property Searches companies to SLPs to try and encourage take up of final connection activities by SLPs. There have been three requests so far this year. We do not do this for NAVs and Developers. Developers pay for this service and for NAVs we provide a screenshot which is a different format. This is under review and given the low take up we may withdraw this service.

(b) What charges do you levy on SLPs, NAVs (directly, through a developer, or through a third party) or developers, that are not published in your charging arrangements, charges scheme, or bulk charges (for NAVs)? Please explain the activities to which they relate, and the circumstances in which they apply.

2.217 The following charges are not currently included in our New Connections charging arrangements:

⁷⁹ <https://developers.thameswater.co.uk/-/media/Site-Content/Developer-Services/New-connections-charging/Charging-Arrangements-Board-Assurance.pdf?la=en>

⁸⁰ <https://developers.thameswater.co.uk/-/media/Site-Content/Thames-Water/Help-and-Advice/Helpful-literature/Charges-and-tariffs/Statement-of-assurance-2019.pdf?la=en>



- Consent fee to connect to our Sewers - when the customer wishes to make a connection to our sewers, but the connection is not carried out by Thames Water
- Consent fee to Build-over our Sewers – when the customer wishes to build over our sewer, and the work carried out is not delivered by Thames Water e.g. a property extension
- S102 adoption of existing assets – when a customer asks is to adopt an older asset

The prices for the 3 services above are published on our website in the following location <https://developers.thameswater.co.uk/Developing-a-large-site/Apply-and-pay-for-services/Wastewater-services>.

2.218 S116 abandonment of an old Sewer - these are usually identified when a customer applies for a Diversion and we identify that the asset is not in use. There are very rare and historically the price is not published. The current fee charge for this is £500, this has not been reviewed for a few years but we are doing a full review this year to ensure all of our ancillary charges are truly cost reflective.

2.219 The below activities are charged for on a time and materials basis (actual cost) so the prices are not published:

- Impact Assessments - when a developer is planning on working near our assets and we need to evaluate the potential risk to us
- Studies, Flow monitoring and odour assessments - when a customer requests these activities to assist their pre planning activities
- Consultancy – ad-hoc requests by customers for our expertise (non-regulated activity)

Note, we will include all the above charges as an additional appendix to our New Connections charging arrangements 2020-21, to make it easier for our customers to view all our charges in one place.

Q10. When agreeing a bulk service agreement with a NAV do you:

(a) Publish a standard agreement; or

(b) Provide bespoke agreements for each new site?

2.220 All Thames Water bulk service agreements with NAVs follow a standard format. There are two parts to each agreement.

2.221 The first part is determined by the type of bulk service being provided (Water, Waste Water within Thames Water region or Waste water within another water company's supply area) and the type of collateral agreed with the NAV. This gives six possible variants which we have provided specimen examples of:



Table 13: Types of Bulk agreements

Variant	Supporting document reference
Bulk Supply Agreement (Deposit Account)	TMS_Annex C_Q10_Appendix 2_IPS_1B-#1391146-v1-BSA_(Deposit)_09_09_19.DOCX
Bulk Supply Agreement (Parent Company Guarantee)	TMS_Annex C_Q10_Appendix 1_IPS_1B-#1391143-v1-BSA_(Guarantee)_09_09_19.DOCX
Bulk Discharge Agreement (Deposit Account)	TMS_Annex C_Q10_Appendix 5_IPS_1B-#1391149-v1-BDA_in_TW_area_(Deposit)_09_09_19.DOCX
Bulk Discharge Agreement (Parent Company Guarantee)	TMS_Annex C_Q10_Appendix 6_IPS_1B-#1391152-v1-BDA_in_TW_area_(Guarantee)_09_09_19.DOCX
Bulk Discharge Agreement in Other Water Company's Supply area (Deposit Account)	TMS_Annex C_Q10_Appendix 3_IPS_1B-#1391147-v1-BDA_in_OWC_area_(Deposit)_09_09_19.DOCX
Bulk Discharge Agreement in Other Water Company's Supply area (Parent Company Guarantee)	TMS_Annex C_Q10_Appendix 4_IPS_1B-#1391148-v1-BDA_in_OWC_area_(Guarantee)_09_09_19.DOCX

Source: Thames Water

- 2.222 We have separate standard templates for our collateral terms (Deposit Account or Parent Company Guarantee). These appear as appendices to the contracts themselves but are referred to within the body of the contracts meaning we need different templates.
- 2.223 The second part of the agreement is specific to the site being served. The Site Schedule (Schedule 3) contains a technical solution for the particular site along with the charges for the services.
- i. **If you publish a standard agreement, please set out in what circumstances it would not apply and you would seek to agree a bespoke agreement.**
- 2.224 With the exception of the circumstances set out above, we do not have any other bespoke elements to our agreements.
- ii. **Please give supporting evidence of this by providing information on the forms of bulk service agreements proposed and / or prepared for different NAV licences, over the last two years.**



Table 14: List of the NAV bulk service agreements signed in the last two years, along with the type of agreement

Date	Type of standard agreement	Customer	Site
24/10/2017	Bulk Supply Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
24/10/2017	Bulk Discharge Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
24/10/2017	Bulk Supply Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
24/10/2017	Bulk Discharge Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
24/10/2017	Bulk Supply Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
24/10/2017	Bulk Discharge Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
24/10/2017	Bulk Supply Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
24/10/2017	Bulk Discharge Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
17/04/2018	Bulk Discharge Agreement in Other Water Company's Supply area (Deposit Account)	[REDACTED]	[REDACTED]
17/04/2018	Bulk Discharge Agreement in Other Water Company's Supply area (Deposit Account)	[REDACTED]	[REDACTED]
17/04/2018	Bulk Supply Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
17/04/2018	Bulk Discharge Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
06/06/2018	Bulk Supply Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]
06/06/2018	Bulk Discharge Agreement (Parent Company Guarantee)	[REDACTED]	[REDACTED]

Source: TW Wholesale Market Services Team

Table 15: Bulk Agreements Due to be signed in 2019

Date	Type of standard agreement	Customer	Site
October 2019	Bulk Discharge Agreement in Other Water Company's Supply area (Deposit Account)	[REDACTED]	[REDACTED]
November 2019	Bulk Supply Agreement (Deposit Account)	[REDACTED]	[REDACTED]
November 2019	Bulk Supply Agreement (Deposit Account)	[REDACTED]	[REDACTED]
November 2019	Bulk Discharge Agreement (Deposit Account)	[REDACTED]	[REDACTED]
November 2019	Bulk Supply Agreement (Deposit Account)	[REDACTED]	[REDACTED]
November 2019	Bulk Discharge Agreement (Deposit Account)	[REDACTED]	[REDACTED]
November 2019	Bulk Supply Agreement (Deposit Account)	[REDACTED]	[REDACTED]
November 2019	Bulk Discharge Agreement (Deposit Account)	[REDACTED]	[REDACTED]

Source: TW Wholesale Market Services Team



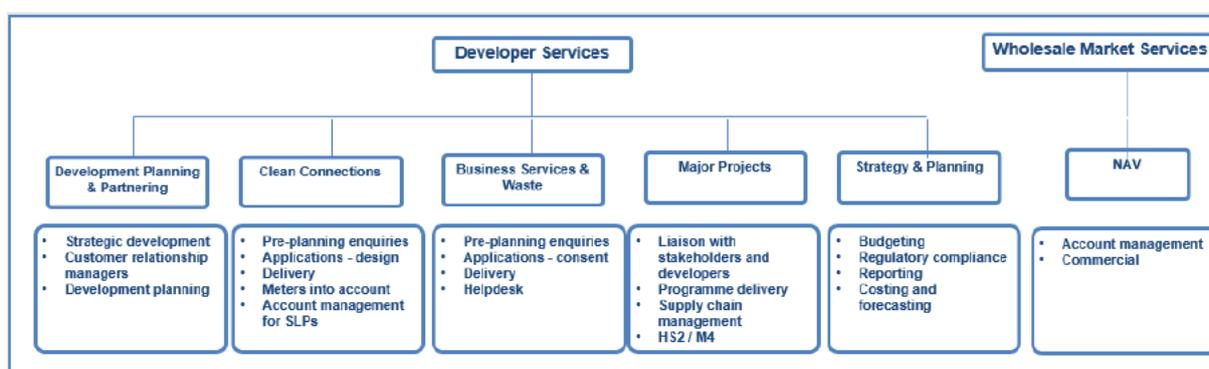
Q11. Please explain how your developer services teams are organised:

(a) Please provide an organogram, staff numbers and the scope of responsibility for the different teams involved in delivering services for developers/NAV/SLPs.

2.225 Most of our customers (small homeowners or builders, large developers and self-lay providers) are managed by the Developer Services (DS) team. Our NAV customers are managed by the Wholesale Market Services (WMS) team and will liaise with teams in DS to deliver services. This separation ensures we manage potential conflicts of interest and comply with competition law as detailed in our response to Q1.

2.226 Other teams within TW support delivery of services to our customers directly, such as Asset Management and Operations teams, as well as indirectly from central back office teams. A summary of services provided by different teams in DS and WMS is shown in the picture below.

Table 16: Services offered by different teams on DS and WMS



Source: DS Organisation chart

Table 17: Size of each team and the type of customers that they service. Many of our teams will service all the customer types:

	Team size	Customers		
		Developer	SLP	NAV
Development Planning & Partnering	12	✓		
Clean Connections				
Mains Design	17	✓	✓	✓
Service Connections Design, include Scheduling	35	✓		
Asset Development	7	✓		✓
Meters into Account	6	✓	✓	✓
Service Delivery, liaise with our contractors	29	✓	✓	✓
Self-lay	11		✓	
Building Water Management	4	✓		
Management	6	✓	✓	✓
Business Services & Waste				
Helpdesk	35	✓		
Business Services	27	✓	✓	✓
Buildovers	30	✓		
Sewer adoptions, connections, consents	24	✓		
Systems & management	5	✓	✓	
Major Projects	51	✓		✓
Strategy & Planning	17	✓	✓	✓
Management	5	✓	✓	✓
Total Developer Services	321			
Contract and Performance on NAVs	2.4			✓
Revenue & Settlement on NAVs	1.1			✓
Market Development on NAVs	1.1			✓
Management	0.2			✓
Total Wholesale Market Services on NAVs	4.7			

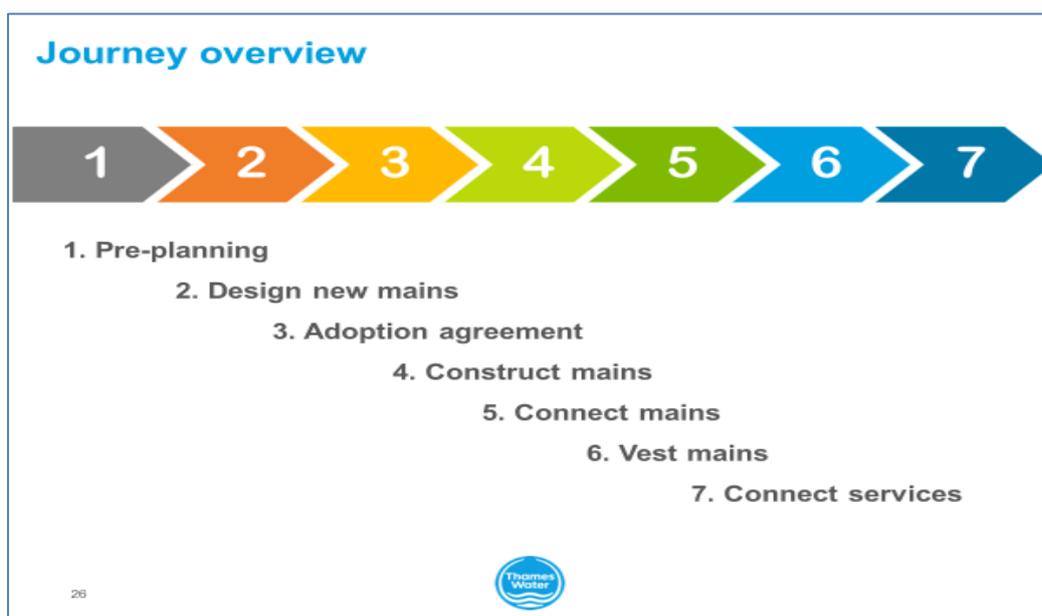
Source: September 2019 FTE reports

(b) Please indicate which SLP and NAV activities are covered by which teams, and whether those teams cover equivalent activities (if applicable) when the developer is the customer.

Water example

2.227 The overall journey for a new water main can be summarised into stages as shown by the picture below, some of these stages might though not be relevant for all our customer types.

Table 18: New water main journey



Source: Slide 26 from AnnexC_Q12_Appendix 11, Code of Adoptions workshop, 20 Nov 2018

- 2.228 The table below provides more detail regarding the different activities in each stage for the developer, SLP and NAV journey and which teams are involved.
- 2.229 Many of the activities will be done by the same team for all customer types e.g.DS - Mains Design.
- 2.230 For the NAV, WMS – NAV team will be the initial point of contact but then some work will transfer to DS teams as per the table below.
- 2.231 Other teams within TW will also support the process such as Asset Management, Network Optimisation, Water Quality and Retail.
- 2.232 The DS – Delivery team consists of Service Delivery who liaise with our contractors.
- 2.233 The table below shows the current processes. These are likely to change from April 2020 with the New Charging arrangements and Code for Adoptions amendments, which are discussed in the responses to other questions. We will also be offering the option for SLP to do the design.
- 2.234 Whilst the services are similar as commented in the table below, the service levels to the different customer groups can differ, which is explained in more detail in the response to Q13.



Table 19: Different customer journeys for a new water mains connection

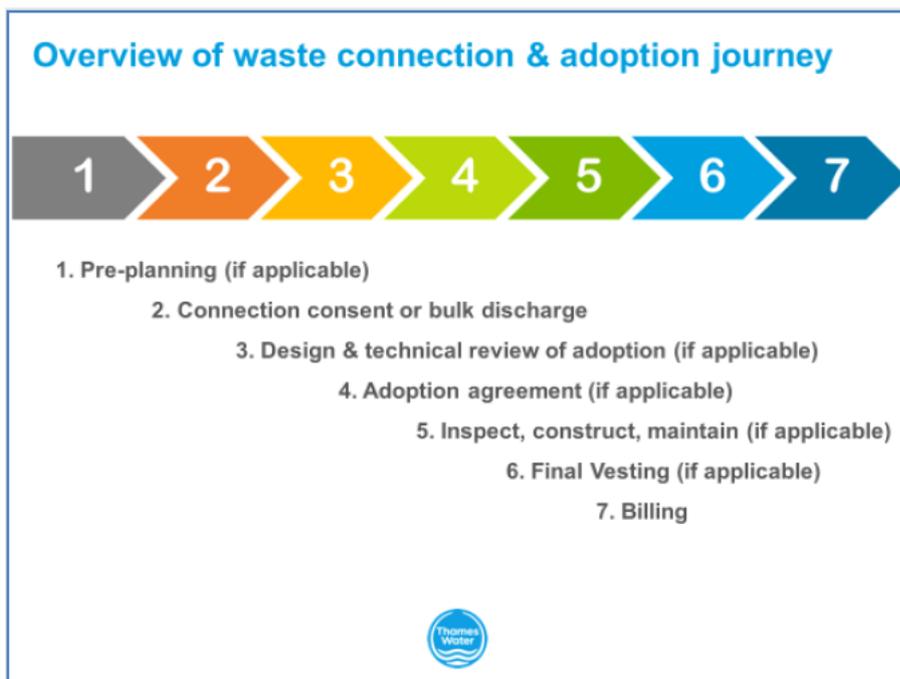
Activity	Developer	SLP	NAV
Stage 1 – Pre-planning			
Pre-planning query received	DS – Business Services		N/a
Pre-planning query reviewed	DS – Asset Development		N/a
If further work required	TW Asset Management		N/a
Pre-planning letter produced	DS – Asset Development		N/a
Stage 2 – Application and design new mains			
Application received	DS – Business Services		WMS - NAV
Eligibility check	N/a		WMS - NAV
Application logged	DS – Business Services		
Application reviewed	DS – Mains Design		DS – Asset Development
Site survey	DS – Delivery / Mains Design		
Design & quote produced	DS – Mains Design		
Stage 3 – Agreement and enabling			
Draw up agreement	N/a	DS – Mains Design	WMS - NAV
Process payment	DS – Business Services		
Network design & Permit to Work approval	DS – Mains Design & TW Network Optimisation		
Prepare package for delivery	DS – Mains Design		
Pre-site meeting	Developer / DS - Delivery	SLP / DS – Self lay / Delivery	NAV / DS - Delivery
Stage 4 – Construct mains			
Construct contestable works	DS – Delivery	SLP	NAV (for their onsite mains)
Pressure test, disinfection, construction records	DS – Delivery	SLP / DS - Self lay	NAV (for their onsite mains)
Construct non-contestable works	DS – Delivery		
Install district meter	DS – Delivery (where applicable for Developer / SLP)		
Stage 5 – Connect mains			
Flushing & chlorination sample	DS - Delivery		NAV provide sample TW Water Quality review
Control of Routine Under Pressure Connection (CRUPC)	N/a	SLP provides DS – Self lay checks	DS – Delivery or NAV if accredited
Proceed with mains connection	DS – Delivery	SLP or DS - Delivery if SLP not accredited	DS – Delivery or NAV if accredited
Stage 6 – Vesting			
Issue vesting certificate	N/a	DS – Self lay	N/a
Pay asset payment	N/a	DS – Self lay approve DS – Business Services raise purchase order	N/a – see income offset below
Stage 7 – Service connections, meters, end user billing & close			
Install private service pipe	Developer	SLP	NAV
TAPS 5, Chlorination & Water Regulations passed	DS – Planning & Scheduling		N/a
Connect to new main	DS – Delivery	SLP	NAV
Fit meters to properties	Internal – developer External - DS – Delivery	SLP	NAV
Commission meters	Internal – contractors External - DS – Delivery	SLP	NAV
Handover district meter to Repair & Maintenance	DS – Asset Development		
Put meter details on system	Internal - DS – MIA External – DS - Delivery	DS – Self lay	WMS - NAV
Set-up end user billing account	TW Retail (Household) & WMS (Non-household)		WMS - NAV
Pay income offset (on completion of NAV network)	N/a		WMS - NAV
Net infrastructure charges invoice if developer chosen to defer (currently paid 6 monthly for NAVs)	DS – Business Services	DS – Self lay	WMS - NAV
Defects invoice	DS – Mains Design		N/a
Walk-off	DS – Delivery	DS – Self lay	N/a

Source: TW internal analysis

Waste example

2.235 The overall journey for a waste connection and potential adoption can be summarised into stages as shown by the picture below, some of these stages might though not be relevant for all our customer types.

Table 20: Overview of waste connection and adoption journey



Source: TW internal analysis – adapted format from clean journey example above

- 2.236 The table below provides more detail regarding the different activities in each stage for the developer and NAV journey and which teams are involved and shows our current processes.
- 2.237 Unlike water, waste adoption is voluntary and optional to the developer so these steps in the process might not always be followed. It is also not applicable for the NAV.
- 2.238 Connection consent requests tends to follow alongside adoption if the developer is requesting the latter, but not always.



Table 21: Different customer journeys for a waste connection and potential adoption:

Activity	Developer	NAV
Stage 1 – Pre-planning		
Pre-planning query received	DS – Business Services	N/a
Pre-planning query reviewed	DS – Sewer adoptions	N/a
Pre-Planning letter sent	DS Sewer adoption	N/a
Further modelling/growth analysis required	TW Asset Management / DS – Major Projects	N/a
Stage 2 – Connection consent (Developer) / bulk discharge (NAV)		
Connection consent (Developer) or bulk discharge (NAV) request received and logged	DS – Business Services	WMS - NAV
Eligibility check	N/a	WMS - NAV
Connection consent (Developer) or bulk discharge (NAV) request reviewed and issue consent letter if no issues	DS – Sewer connections	
Draft bulk discharge agreement	N/a	WMS - NAV
For direct connection, schedule & carry out sewer inspection when work complete. Issue completion certificate if no remedial work required.	DS – Sewer connections, Business Services, Service Delivery	NAV
If connecting to TW trunk sewer and we've approved the connection, then under s107, we will do work ourselves	DS – Major Projects / Sewer Connections / TW Trunk Sewer Operations and Independent Authority Board	
Stage 3 – Design & technical review of adoption		
Adoption application received and logged	DS – Business Services	N/a
Adoption application reviewed and grant technical or conditional acceptance	DS – Sewer adoptions	N/a
Stage 4 – Adoption agreement (voluntary/optional for Developer and N/a for NAV)		
Checks details & payment	DS – Sewer adoptions	N/a
Legal do land check, seek legal fees and draft agreement for customer & TW Director to sign	Legal	N/a
Stage 5 – Inspect, construct & maintain		
Inspection request received, logged, reviewed and scheduled. Field engineer attends site for inspection pre-start and throughout construction.	DS – Business Services / Sewer adoptions, Planning & Scheduling / Service Delivery	N/a
Pre-maintenance inspection request received, logged, reviewed and scheduled. Field engineer attends site for pre-maintenance inspection	DS – Sewer adoptions / Planning & Scheduling / Service Delivery	N/a
If no defects, provide full provisional certificate	DS – Sewer adoptions	
If defects, customer needs to remedy, then re-inspect and repeat steps above	Developer / DS – Sewer adoptions, Planning & Scheduling, Service Delivery	
Stage 6 – Final Vesting		
Final inspection request received, logged, reviewed and scheduled. Field engineer attends site for final inspection.	DS – Sewer adoptions / Planning & Scheduling / Service Delivery	
If no defects, provide final certificate	DS – Sewer adoptions	
If defects, customer needs to remedy, then re-inspect and repeat steps above	Developer / DS – Sewer adoptions, Planning & Scheduling, Service Delivery	
Issue vesting certificate	DS – Sewer adoptions	
Stage 7 – Billing		
Set-up end user billing account (based on clean water for NAV, might need to contact other water company if not our area)	Picked up on clean journey where we bill combined. Rely on other water companies to pick-up on our behalf.	WMS - NAV
Net infrastructure charges invoice (currently paid 6 monthly for NAVs)	Rely on other water companies to pick-up on our behalf.	WMS - NAV

Source: TW internal analysis

Q12. Please provide a description of your approach to engaging with developers, SLPs and NAVs over the last year, including:

- (a) the groups that you have engaged with, the form of engagement and how the engagement was communicated to potentially interested stakeholders;**
- (b) the topics covered by the engagement (e.g. whether it included information about the proposed levels of charges for the upcoming charging year); and**
- (c) the process by which contributions from stakeholders are taken into consideration and progress is communicated back to stakeholders.**
- (d) Please provide supporting evidence, including emails issued, agendas used, papers or consultations prepared.**

Figure 10: We have a mix of customer segments with different needs, as the picture below shows, and distinct preferences of how we engage with them.



Source: TMS_AnnexC_Q2_Appendix2_Improving the developer experience presentation, Utility Week Live 22 May 2019.pdf (Slide 4)

2.239 We have a mix of customer segments and we tailor our engagement activities in order to meet their needs and preferences. We have therefore, set out our response below for each customer segment in turn. Each covers the four requested elements in respect of our engagement activities over the last year.

2.240 As we move into the new Price Review period, we are currently reviewing our levels of engagement and will look to maximise our efforts with available resources.

(i) Small-scale customers

2.241 On the small-scale, we deal with homeowners who tend to do one-off transactions with us (either clean connection or build-over agreement) and they are price sensitive. Small builders might contact us regularly and want us to respond quickly and be easy to deal with. Both will use our website to access information and applications and ring the helpdesk for any queries or progress updates.



(ii) Large-scale customers

2.242 On the large-scale, we deal with major homebuilders as well as engineering consultants, land promoters or major construction companies. They need engagement with us early in the process when pulling together their development plans and may need technical advice. Time is a key factor for them.

Customer Relationship Managers

2.243 Any large developer that wants additional support is able to access a Customer Relationship Manager (CRM) to help guide them through our processes, resolve technical queries at pre-planning and resolve on-site issues at construction, as well as keep them informed of any changes. We account manage a large number of developers and consultants⁸¹.

2.244 Large developers will utilise the website to access applications but as their issues tend to be more complex, will contact their CRM rather than contact the helpdesk.

Developer newsletter

2.245 Many large developers subscribe to our monthly developer newsletter. We saw the number of subscribers drop following the introduction of GDPR as customers are now required to positively “opt in” to receive these communications. We remind customers at events how to subscribe to the newsletter if they are interested. Following feedback from a NAV at the New Connection Charging workshop in June 2019 (see below), we now share these developer newsletters with the NAV account team so that applicable communications can be shared with our NAV customers.

81 [REDACTED]

**Table 22:** Feedback from a NAV at the New Connection Charging workshop in June 2019

Subscribers	367 subscribers - mix of developers, consultants, and TW subscribers including TW NAV account manager to communicate to NAVs as required (constantly changing)
Frequency & occurrence	Monthly historically, will be quarterly from now on.
Communication to potentially interested stakeholders	In numerous ways - Developer Day, workshops, Ask the expert session, CRMs, personal email signatures
Topics covered	Upcoming events/consultations, changes in policies & procedures (eg 2020 new connections charging), ask the expert and relevant news (eg M4 smart motorway), charity events
Contributions considered, and progress communicated	Mainly informing but could include links to consultations/surveys where customers can give their views. Only ask for feedback when relevant to the news article.
Evidence	Developer newsletter is sent mainly monthly though can be more frequent to notify customers of events or may miss a month if quiet period ⁸² .

Source: Thames Water

Developer day

2.246 We hold an annual Developer Day to keep large developers informed and consult on proposed changes in the industry as well as request feedback so we can continually improve our service. We invite Ofwat and industry representatives from HBF (Home Builders Federation representing large developers) and FWC (Fair Water Connections representing SLPs) to these events. Feedback from these events has been very positive.

⁸² For an example, see TMS_AnnexC_Q12_Appendix 05a - Developer newsletter 23 Sept 2019.pdf. (All others available on request)

**Table 23: Developer day sample feedback results**

Attendees	117 customers attended - 63 developers, 33 consultants, 13 SLPs, 4 NAVs, 1 UKPN, 1 MOSL (1 from Ofwat and 1 from HBF were registered but didn't attend)
Frequency & occurrence	Annual – 7 February 2019
Communication to potentially interested stakeholders	In numerous ways - monthly developer and self-lay newsletters (build-up), printed flyers distributed via CRMs, Ask the expert sessions & workshops, personal email signatures, TW website, Linked In, Developer Scrutiny Panel, customer conversations, direct telephone or email invitation to important stakeholders ie HBF, one-off communication to our developers who haven't subscribed to the e-newsletter
Topics covered	Vision, strategy, priorities & all changes in development industry as well as feedback from customers on how to improve This last event covered: Delivering for developers, New Charging, Delivery of clean water services, Code for Adoptions, Internal-fit metering policy, Enabling housing growth, Pre-planning enquiry service, Meet self-lay providers & NAVs
Contributions considered, and progress communicated	SLIDO on the day to survey customers views/preferences which was shown on the day, as well as Q&A answered on the day. Progress/updates communicated via the monthly newsletter and future events. Also, encourage developers to sign-up to the e-newsletter if they've not subscribed at events or request an ask the expert session for any technical queries they may have on a specific site.
Evidence	TMS_AnnexC_Q12_ Appendix 2a shows slides from the Developer Day 7 Feb 2019. TMS_AnnexC_Q12_ Appendix 2b shows the SLIDO poll results from the day. TMS_AnnexC_Q12_ Appendix 2c shows the one-off email to non-subscribers of the newsletter inviting them to Developer Day

Source Thames Water

2.247 We hold ad-hoc workshops with our various customer groups to consult and engage with them on proposed changes in the industry. For example, on DS 2020 Charging Arrangements, we held a new connection charging workshop on 13 June 2019. The outputs from this workshop then fed into our New connection charging independent consultation – both engagements are detailed in the tables below. Our response to Annex C - Q6 on charging gives more information on our customer engagement plan in this area.

**Table 24: New connection charging workshop**

Attendees	38 customers attended - mix of developers, SLPs, Ofwat, other water companies, NAVs
Frequency & occurrence	Ad-hoc – 13 June 2019
Communication to potentially interested stakeholders	In numerous ways - developer and self-lay newsletter, CRMs, direct invite to Ofwat & other water companies, also included video to encourage participation
Topics covered	New charging 2020, options for how rules could be implemented, illustrative examples to show impact
Contributions considered, and progress communicated	Split into working groups, followed by group discussion. Outputs from this then shaped the consultation document. Used SLIDO throughout the session and questions responded to in the room. Then circulated slides with SLIDO results to all attendees after. Also, shared link with developers & SLP in subsequent newsletters. Asked for people to be involved in the consultation interviews.
Evidence	TMS_Annex C_Q12_Appendix 08 - DS 2020 connection charges workshop 13 June 2019 slides including minutes

Source Thames Water

Table 25: New connection charging independent consultation

Interviewed / online submissions	27 responses – 19 interviews (8 developers, 5 consultants, 4 SLPs, 2 NAVs) and 8 online submissions
Frequency & occurrence	Ad-hoc – 1-30 September 2019
Communication to potentially interested stakeholders	In numerous ways – website, CRM suggestions, charging workshop volunteers, previously engaged developers contacted by phone, self-lay forum, developer & self-lay newsletters
Topics covered	Views on infrastructure charges, new income offset, transition arrangements, mains application & design fees
Contributions considered, and progress communicated	Independent agency Verve have collated the results from the interviews and online submissions. These results are currently being analysed and evaluated and will shape how we implement new charging.
Evidence	TMS_AnnexC_Q12_Appendix07_DS 2020 Charging Arrangements - independent consultation Sept 2019.pdf

Source: Thames Water

Ask the expert

- 2.248 For our large developers, we offer monthly “Ask the expert” sessions to help resolve their complex design and technical queries about a specific site. We also organised a roadshow on 15 May 2019 as requested by a large consultant where 30 of their staff attended.

**Table 26: Ask the expert sessions**

Attendees	Large developers and consultancies. We will expand the meeting to involve other developers if building in same area & sharing infrastructure.
Frequency & occurrence	Monthly & ad-hoc run a roadshow on 15 May 2019
Communication to potentially interested stakeholders	In numerous ways - monthly developer newsletter, printed flyers distributed via CRMs and at customer forums, Developer Day and customer workshops, website, customer conversations. Customers then fill in our Ask the expert request form.
Topics covered	1:1 consultation with an expert who can guide them on resolving complex design and technical queries about a specific site. Sometimes can be more general about policy and procedures.
Contributions considered, and progress communicated	Issues either addressed in the room or experts will follow-up on any conversations or actions. Before they leave, all those involved fill in survey feedback form, so we can continual improve this service. We follow-up with thank you & contact details for the expert.
Evidence	TMS_AnnexC_Q12_Appendix04a - Ask the expert appointments Oct 2018 to Sept 2019.pdf TMS_AnnexC_Q12_Appendix04b - Ask the expert roadshow [REDACTED] slides 15 May 2019.pdf

Source Thames Water

Developer Scrutiny Panel

2.249 We run a quarterly Developer Scrutiny Panel (DSP) which is a valuable sounding board for ideas and change, it provides useful developer insight and feedback and helps disseminate information to the wider developer community.

**Table 27: Developer Scrutiny Panel**

Attendees	9 ongoing members for continuity and 3 guest members to provide transparency to wider developer community.
Frequency & occurrence	Quarterly – 10 July 2019, 11 April 2019, 17 January 2019 and 9 October 2018
Topics covered	Panel members are chosen for their regular experience of our service and are responsible for representing the view and perspectives of all our developer customers across London and our wider region. Guest structure was recent introduction at request of our wider developer community (feedback at Developer Day) and brings new opinions and greater transparency of how we operate. Members are generally suggested by our CRMs as they have up to date contact with the developers they manage and can recommend individuals who are keen to engage with us and likely to give valuable input into a meeting.
Contributions considered, and progress communicated	Business Update, New Charging, Water Efficiency, Code for adoptions, Pre-planning enquiries, Team structure, D-MeX
Evidence	Slides are shared firstly with the DSP members and then through the newsletter with all subscribers and includes summary of discussion during the meeting. Progress and updates are communicated through future newsletters and events ⁸³ .

Source: Thames Water

Other

2.250 Each year, the company organises “sewer week” for stakeholders to take a trip down our sewers. Last year, for the first time, we invited our large developers and consultants with waste water interest, to take up this unique opportunity, 9 people attended.

(iii) Self-lay providers (SLPs)

2.251 We work with 32 SLPs in our region. Delivering on our promises and timeliness is key for these customers, as jointly we need to serve their ultimate end customer, the developer. We have recently established a dedicated **self-lay account team** to support these customers. *TMS_AnnexC_Q12_Appendix12 - Self-lay engagement meetings.pdf* shows a list of face to face meetings that self-lay account managers have had with SLPs since January 2019 when the team started. This does not include site meetings which number around 200 per month.

⁸³ An example is *TMS_AnnexC_Q12_Appendix_03a_Developer Scrutiny Panel 10 July 2019 slides including minutes.pdf*. (Other available on request)



Self-lay newsletter

2.252 Many self-lay providers subscribe to the monthly self-lay newsletter, which informs them of updates and relevant industry news as well as invite them to upcoming events or participate in consultations.

Table 28: Self-lay newsletter

Subscribers	115 SLPs, FWC and TW subscribers - constantly changing
Frequency & occurrence	Monthly historically, will be quarterly from now on.
Communication to potentially interested stakeholders	In numerous ways - Self-lay forum, workshops, account managers, personal email signatures
Topics covered	Upcoming events/consultations - 2020 new connections charging, code of adoptions and self-lay forum, change in policy & procedure, relevant news, charity events
Contributions considered, and progress communicated	Mainly informing but could include links to consultations/surveys where customers can give their views. Only ask for feedback when relevant to the news article.
Evidence	Self-lay newsletter is sent mainly monthly though can be more frequent to notify customers of events or may miss a month if quiet period ⁸⁴ .

Source: Thames Water

2.253 We hold an annual forum and adhoc workshops to keep SLPs informed, consult on proposed changes and provide feedback so we can continually improve our service.

⁸⁴ An example is TMS_AnnexC_Q12_Appendix 09a_Self-lay newsletter 2 Sept 2019.pdf (Others available on request)

**Table 29: Self-lay Forum**

Attendees	SLPs and FWC - 31 invited, 21 came
Frequency & occurrence	Annual – 25 September 2019
Communication to potentially interested stakeholders	In numerous ways - monthly self-lay newsletter, personal email signatures, Linked In, customer conversations, direct telephone or email invitation to important stakeholders ie FWC, account managers rang their SLPs
Topics covered	Vision, strategy, priorities & all changes in industry as well as feedback from customers on how to improve Code for Adoptions for water, Field and Delivery, Q&A, New connections charging 2020
Contributions considered, and progress communicated	SLIDO, Q&A & polling results shared in the room. Emailed all attendees with the slides & link to Water UK & charging consultation & team contact details shared if have any queries. SLIDO poll results used for internal review.
Evidence	TMS_AnnexC_Q12_Appendix10a - Self-lay forum 25 Sept 2019 slides.pdf TMS_AnnexC_Q12_Appendix10b - Slido poll results self-lay forum 25 Sept 2019.pdf

Source: Thames Water

Table 30: Code for Adoptions workshop

Attendees	29 customers attended - mainly SLPs but did include FWC and Ofwat
Frequency & occurrence	Adhoc – 20 Nov 2018
Communication to potentially interested stakeholders	In numerous ways - monthly self-lay newsletter, customer conversations, direct telephone or email invitation to important stakeholders ie FWC and Ofwat, account managers rang their SLPs
Topics covered	Self-lay update, Codes progress update, Process walkthrough with feedback, Consultation walkthrough, Q&A and wrap-up
Contributions considered, and progress communicated	Working groups were in tables for the process walkthrough and discussions were captured. These were fed back directly to Water UK. We encouraged all attendees to submit their own response to the Water UK consultation, which we also promoted through the self-lay newsletter.
Evidence	TMS_AnnexC_Q12_Appendix11 - Code for adoptions workshop 20 Nov 2018 slides.pdf

Source: Thames Water



(iv) NAVs

- 2.254 We have 5 NAVs in our region. We have a dedicated section on our Wholesale website which provides information to both existing and potential new NAV customers, showing our policy and detailing the application process.
- 2.255 Over the last year we have had various types of engagement with all our NAV customers, which are split below:

Account management meetings

- 2.256 Each NAV customer can meet with their account manager at their chosen frequency. Many NAVs opt for a monthly conference call, with quarterly face to face meeting whilst others prefer to meet on an adhoc basis with an annual face to face meeting. These meetings ensure regular communication is in place in addition to the bulk emails (see below) that are sent to all NAVs sharing updates. The frequency of these meetings will increase when there is a lot of work pending.
- 2.257 Agenda is flexible but always includes introductions, site specifics (sorted by Bulk agreement signed, Pending Bulk agreement, on hold, Pre-development enquiries, Upcoming) and AOB.
- 2.258 As and when issues arise, we have regular engagement until resolution. This will be through various channels such as face to face meetings, on-site visits where necessary, telephone, email and skype meetings.



Bulk emails

We send bulk emails to our NAV customers in our region as described in the table below.

Table 31: Bulk emails to our NAV customers

Recipients	All 5 NAVs
Frequency & occurrence	As and when required – Feb, June, July, Aug, Oct 2019
Communication to potentially interested stakeholders	As and when new NAVs are added
Topics covered	Release of new documents or informing NAVs of consultations or updates e.g. NAV tariff document, NAV service offering, stakeholder newsletter.
Contributions considered, and progress communicated	Feedback on our NAV tariff document and NAV service offering is being incorporated into future versions. We also sent responses to the customers via email.
Evidence	TMS_AnnexC_Q12_Appendix13a - Charging consultation launch message to NAVs.msg TMS_AnnexC_Q12_Appendix13b - TW Stakeholder newsletter- Focus on dry weather message to NAVs.msg TMS_AnnexC_Q12_Appendix13c - NAV Wholesale tariff document release 1 message.msg TMS_AnnexC_Q12_Appendix13d - TW NAV Tariff Document NAV Service Offering 1.msg TMS_AnnexC_Q12_Appendix13e - NAV service offering- 2nd draft release.msg

Source: Thames Water

Water Quality sessions

2.259 On an annual basis, our water quality team invite individual NAVs in our region with bulk water supplies to attend site for a review, including any pending sites. This year, we met 3 NAVs in our area: Leep NAV Networks Ltd on 17 June 2019, Albion Water on 8 July 2019 and IWNL on 22 July 2019. The remaining 2 NAVs do not have water supplies.

Portal launch

2.260 We host adhoc sessions where appropriate, such as the portal launch on 14-15 February 2019

**Table 32: Ad hoc sessions – Portal launch**

Attendees	4 out of 5 NAVs
Frequency & occurrence	Adhoc and 14-15 February 2019
Communication to potentially interested stakeholders	Numerous ways – Email invitation, face to face and following up with phone calls
Topics covered	Launch of new portal to ease the application process for the NAVs. Chance for NAVs to get hands on experience of our portal prior to launch, providing a demonstration on its purpose and how it works.
Contributions considered, and progress communicated	Face to face demonstrations. Improvements are still work in progress.
Evidence	NAV portal demo slides as shared with the NAVs ⁸⁵ .

Source: Thames Water

Table 33: NAVs open day

Attendees	5 out of 5 NAVs and Ofwat
Frequency & occurrence	Annual and 7 Nov 2018
Communication to potentially interested stakeholders	Numerous ways – Email invitation, face to face and following up with phone calls.
Topics covered	Welcome, Where we are today, In the pipeline, WMS Contracts and Performance, TW application process, Construction of water mains and sewers, Water efficiency, Unplanned and planned events, Stop/Start/Continue/Improve, WMS portal, WMS revenue and settlement update, Regulation and pricing for NAVs, Bulk charges for NAVs, Income offsets for NAVs, Network capacity and reinforcement, Infrastructure charges, NAV feedback
Contributions considered, and progress communicated	NAV open day feedback from the previous year was reviewed and incorporated into this year's event. Feedback from the Stop/Start/Continue/Improve section (slide 59 of Appendix 15) is being progressed.
Evidence	NAV open day 2018 slides including agenda ⁸⁶ .

Source: Thames Water

⁸⁵ TMS_AnnexC_Q12_Appendix 14 - NAV Portal.pdf

⁸⁶ TMS_AnnexC_Q12_Appendix 15 - NAV Open day - Final slide deck 2018.pdf



NAVs – 2020 new connection charging

2.261 Prior to releasing our planned approach to post **2020 charging, our NAVs were given 3 options**

- 1) Attend a 121 with TW - 3 NAVs took up this option
- 2) Attend the developer session to discuss our ideas - 3 NAVs attended
- 3) Form a separate NAV group to discuss – this was not pursued as we did not incur enough interest

This was then followed up with an interview with our agency handling the consultation feedback, where the NAV registered interest.

All feedback from new connections consultation is anonymous. The 121 sessions welcomed all feedback which was reviewed prior to release of the consultation.

Q13 With respect to information and services provided to NAVs, SLPs and developers:

- a) **Do you offer any similar services with operational service levels that differ depending on the customer type (developer, NAV, SLP)? If so, please list the services and explain the reasons for the differences;**

2.262 We offer similar services with different operational service levels. The difference in service level for the three customer segments is due to the different types of contract that are in place for the respective services provided, as shown below:



Table 34: Operational Service levels

	SLP	NAV	Developer
Acknowledgement and signing of agreements / contracts and or acceptance of terms	For SLPs, there is a Water UK service level to acknowledge receipt of the signed Self Lay Adoption Agreement from the SLP within 5 days.	<p>For NAVs, we do not enter into an adoption agreement but a bulk supply agreement.</p> <p>We do not have a service level for acknowledgement of NAV agreements, but we do have a service level for signing the agreement.</p> <p>The service level states that finalised and signed contracts are to be in place within 5 working days after the end of the Ofwat consultation on NAV applications.</p>	For developers, if they have chosen to have their mains and / or service connections undertaken by TW, their work is contracted by acceptance of the terms and conditions in our quotation letter, which is valid for 180 days. There is no service level for this.

Source: Thames Water

Table 35: Different service levels exist between SLPs, NAVs and developers for connections work because the nature of the service provided is different, as shown below:

	SLP	NAV	Developer
Connection	<p>For SLPs, there are three different connections, two of which have service levels attached to them;</p> <p>The first is Source of Water for testing of the Self laid main prior to adoption, typically, but not always, this is a branch connection from our existing network laid into the development site.</p> <p>This connection is to be provided within 28 days from the signing of the self-lay agreement, which is a Water UK service Level.</p> <p>Final connection from the existing network to the self laid main, once vested and if the SLP is not accredited to do so, is to be delivered within 14 days, which is a Water UK service level.</p> <p>There is no service level for service connections for SLPs because they undertake this work themselves, once Water Regulations have been passed.</p>	<p>For NAVs, a bulk supply connection is to be provided within 3 months from payment of contributions or as agreed in the Bulk Supply Agreement.</p> <p>This service level is an internal service level set by TW and is published on the NAV section of our website.</p> <p>For the purposes of planning NAV work for delivery by our contractors, it is treated the same as a s45 service connection and is planned to be provided within 21 days, which is a Water UK service level.</p>	For developers, service connections are to be made within 21 days of water regulations being passed, which is a Water UK service level.

Source: Thames Water



b) There are a number of published Water UK developer service metrics that relate specifically to SLPs. Please provide commentary on your performance with respect to those metrics, including an explanation if any measures are blank;

The table below shows our performance on Water UK SLP metrics over the past 18 months:

Table 36: Water UK SLP performance metrics

Metric	W.25.1	W.26.1	W27.1	W28.1	W29.1
Definition	SLA Acknowledged within 5days	Source of Water Provided within 28days	Permanent water supply	Vesting Certificate Issued within 7 Days	Asset Payment Made within 35 Days of receiving Customer Invoice
Quarter - Year					
Q1 - 2018-19	75%	84.62%	77.8%	27.27%	55.8%
Q2 - 2018-19	52.94	100%	100%	44.44%	66.67%
Q3 - 2018-19	66.67%	66.67%	100%	76.56%	69.70%
Q4 - 2018-19	53.57%	87.50%	100%	90%	85.19%
Q1 - 2019-20	96.43%	100%	100%	83.15%	93.88%
Q2 - 2019-20	100%	100%	None provided	100%	100%

Source: Water UK SLP performance metrics

2.263 From Q1 - Q4 2018-19, performance on all metrics has been mixed and on average, in the lower quartile. This was due to the Self Lay team not being sufficiently resourced to meet demands of the growing self-lay market in our operating area, as well as experienced staff leaving the team.

2.264 Performance in Q1 - Q2 2019-20 has improved with all metrics being at 80% or higher. This is due to an increase in staff within the Self Lay team and an improvement in the management of data and processes. We are now upper quartile for source of water provided within 28 days and permanent water supply, we have inter-quartile performance for SLA acknowledgement and vesting certificates with only asset payment performance being lower quartile.

c) Water UK has a draft report on Behavioural Improvements relating to interactions with NAVs. It sets out several SLAs relating to NAVs, please describe your performance against those metrics over the past year;



2.265 The table below shows our NAV performance over the past 12 months against the new Water UK proposed metrics:

Table 37: NAV performance against the new Water UK proposed metrics

Stage	Key Process	Summary steps	Indicative timings	Number of applications in SLA	SLA hit %	Average calendar days taken
0	Informal discussion	Initial enquiries and dialogue regarding site	N/a	N/a	N/a	N/a
1	Site status review	Incumbent provides confirmation of unserved status or identifies served properties	21 days	20/30	66.7%	20.7
2	Bulk service (water or sewerage) application	Applicant submits application form to incumbent who acknowledges receipt and confirms completeness	5 business days	Not measured	Not measured	Not measured
		Incumbent provides a bulk service offer letter to the applicant	28 days for sites < 500 properties	1/1	100%	23
			42 days for sites > 500 properties	23/26 (Water 5/8, Waste 18/18)	88% (Water 63%, Waste 100%)	32 (Water 46.8, Waste 25.7)
3	Bulk service (water or sewerage) agreement	Applicant confirms/or not acceptance of bulk service offer (i)	N/a	N/a	N/a	N/a
		Standard bulk service agreement signed (ii)	28 days	0/8	0%	N/a
		Acknowledgement of returned signed agreement	5 days	0	0	0
		Negotiation of bespoke terms and conditions if applicable	To be agreed between parties	N/a	N/a	N/a
4	Bulk connection	Bulk connection payment made by applicant	7 days	N/a	N/a	N/a
		Off-site mains construction (iii)	90 days	0	0	0
		Off-site sewer construction	180 days	N/a	N/a	N/a
		Provision of connection and supply of water for testing (iv)	28 days	0/1	0%	92
		Provision of permanent supply of water	14 days	1/1	100%	1

Source: Thames Water

Table notes

- (i) Standard practice is to respond via email or telephone to confirm we will progress with the bulk agreement. However, we currently do not track this metric.
- (ii) Our internal processes are not currently set up to sign bulk agreements within 28 days of request due to multiple reviews from senior stakeholders for these contracts.
- (iii) This is 0 throughout as there have not been any requests in the past 12 months.
- (iv) We have had one connection delivered within the past 12 months. Following a site meeting with the NAV, different delivery timescales were agreed in line with the NAVs requirements due to difficult circumstances outside of our control.

2.266 We have experienced some delays with site status review due to cases where it is unclear which criteria to follow based on the NAVs requirements.



2.267 Regarding our water service offer, we have experienced delays for a variety of reasons. This is partly due to NAVs not providing all the information and above numbers do not incorporate any clock stopping for incomplete applications, which we would do once the metrics are live. We also faced internal issues, such as, high volumes in the Mains Design team which affected all our customers. We also have some NAV jobs which require a mains extension to serve their site which involve added complexities and cause the job to exceed the 42 calendar days.

(d) Are there any examples of instances where you have provided information to NAVs or SLPs at the same time as, or after, providing a quote/offer to the developer of the same site?

2.268 Yes. Out of 778 quotations issued between 1 April 2018 to 30 September 2019, we quoted on the same site to a combination of SLPs, NAVs and developers for 76 sites.

- We had 73 sites where we issued the same information to SLPs and developers – sometimes more than 1 SLP or more than 1 developer or both
- We had 2 sites where we issued the same information to NAVs and developers.
- We had 1 site where we issued the same information to NAVs, SLPs and developers.

2.269 For the 73 sites where we quoted to the developer and an SLP, there were 17 sites where our systems indicate that the applications arrived at the same time. The other 56 sites were issued at different times and so any comparison of whether the developer got the quote at the same time or earlier than the SLP is not informative.

2.270 In the 17 sites with the same application date, 13 quotes were sent to the developer earlier than the SLP, 2 on the same day and 1 later, with a missing date for the other site. These are examples of where we have offered a dual quote to the developer and this has later been converted into a quote to the SLP. In these cases, we convert the quote and send to the SLP, which would happen after the initial application.

2.271 We have 3 sites involving NAVS but the application dates for the parties are all different, so it is impossible to come to any conclusion.

Water response

Q14. With respect to asset adoption, please set out:

(a) How you are ensuring you will be ready for implementation of the new sector guidance and model adoption agreements, once we have approved them and they form part of the Code for Adoption Agreements.

2.272 In readiness for the Water Code for Adoption Agreements coming into force, we have been moving at pace with our internal preparations including changes to processes, literature and systems.



- 2.273 Our literature as well as the processes which underpin these have been aligned to the requirements of the Code. Our Self-lay Letter template⁸⁷ is an example of our correspondence which we believe are clear, transparent and easy to follow.
- 2.274 We have held internal briefing sessions with the Self-Lay team⁸⁸ and stakeholders⁸⁹ within Developer Services to go through what each process will look like and what changes will be made to our literature.
- 2.275 Our intention is to go live on the 1st January 2020 apart from the Model Water Adoption Agreement which we will go-live on the date provided by Ofwat.

(b) How you have engaged with customers around codes for adoption.

- 2.276 We covered engagement in our response to Annex C - Q12, but just to re-iterate here:
- 2.277 We promoted Water UK consultations through means such as Self-Lay Newsletters. During the main consultation that took place in November 2018, we held a workshop with all our Self-Lay Providers to walk them through what the consultation included and how it will likely impact day to day interactions with us.
- 2.278 We have continued our engagement and highlighted both the Water and Waste Code for Adoptions changes during our Developer Day in February 2019.
- 2.279 We've shared the most recent consultation through our Self-Lay Newsletter. We also discussed it again at the Self-Lay Forum in September 2019.

Waste response

Q14. With respect to asset adoption, please set out:

(a) How you are ensuring you will be ready for implementation of the new sector guidance and model adoption agreements, once we have approved them and they form part of the Code for Adoption Agreements.

- 2.280 In readiness for the Waste Code for Adoption Agreements coming into force, we have started our internal preparations for changes to our processes, literature and systems.
- 2.281 We are continuing to run a staggered programme for launching Code for Adoption with waste following behind water.
- 2.282 We have identified all the required changes on waste and are in the process of finalising the mapping of our internal procedures to comply with the market processes. Whilst we haven't

⁸⁷ TMS_AnnexC_Q14_Appendix 2- Self-lay Letter Templates.pdf

⁸⁸ TMS_AnnexC_Q14_Appendix 1a - Internal playback sessions for Water Code for Adoption Stages.pdf

⁸⁹ TMS_AnnexC_Q14_Appendix 1b - Internal playback sessions for Water Code for Adoption Stages.pdf



concluded this exercise, we have gone through the market processes and captured changes to literature, processes, and systems⁹⁰. Our intention is to mirror the style and format of the correspondence which we are using on the water side so that from a Developer's perspective, it looks and feels like a coherent journey.

- 2.283 We plan to hold internal briefing sessions with the stakeholders within Developer Services to go through what each process will look like and what changes will be made to our literature as soon as we have mapped out the changes. Our working assumption is that waste changes will be required to be ready for go-live on the 1st April 2020 as per Water UK's recommendation to Ofwat.
 - 2.284 We are recruiting additional field and office-based personnel to enable us to comply with the anticipated increased volume of work through the Code for Adoption waste programme.
 - 2.285 We are part of a small group of Water Companies paying to develop a Sustainable Urban Drainage (SuDs) training programme to design and build all training material and online portals.
- (b) How you have engaged with customers around codes for adoption.**
- 2.286 We provided an industry update on the Waste Code for Adoption Agreement at a Water UK Developer Day in November 2018.
 - 2.287 We promoted the main Water UK consultation during our Developer Day in February 2019. We have discussed the Code for Adoption Agreement at Scrutiny Panel meetings.

⁹⁰ TMS_AnnexC_Q14_Appendix3 - CfA Waste Sewer Adoption process.xlsx



D Annex D: Effective support and development of new markets (optional)

Q1. What are you doing to effectively support the development of new markets (e.g. bio resources)?

2.288 Well-functioning markets can help deliver better outcomes for current and future customers in the form of lower prices, better quality and more tailored services and greater choice (of services and service-providers). Thames Water recognises that it (and other incumbent water companies) shares in the responsibility for developing effective markets and the governance and administrative architecture to support them.

2.289 We are a strong supporter of new and emerging markets, as evidenced by our constructive and extensive involvement in groups set up to develop and implement effective markets; our positive and thoughtful contributions to consultations and ongoing debates around the use of markets; and our engagement with third parties to provide opportunities for growth. For example, Thames Water

- was the first English water company to have an approved Trading and Procurement Code to support water trading
- was an active member of Ofwat's working groups on water resources and access prices, and continues to support the development of DPC
- collaborated with two other water companies to explore the concept of a System Operator for water
- continues to work effectively with other water companies and regulators on developing strategic water resource options and the supporting processes
- is exploring with third parties the options for using biogas to inject into the national gas grid or as fuel for a district heating initiative

2.290 We describe our involvement a number of new markets in more detail below.

Water market

2.291 Water trading is an established activity and Thames Water has a long and active history of trading with third parties. However, we continue to explore new opportunities for trading. We have agreed trades for abstraction capacity, providing benefits to customers and the environment. We are also in discussion with parties about supporting a bilateral water trade – this is operationally more complex but could open up new markets if those complexities can be addressed so that customers remain properly protected.

2.292 We are also actively involved in developing the market for strategic water resources, working closely with other water companies, regulators and other parties to prepare proposals, review challenges and create solutions to benefit customers and the environment regionally and nationally.



2.293 Our involvement in water markets is supported by our comprehensive and sector-leading suite of information and tools for entrants. For example, our Bid Assessment Framework (“BAF”) was rightly highlighted by Ofwat in its IAP⁹¹ as one that

“meets all the best-practice recommendations and reflects the key principles [and] is proportionate, non-discriminatory and transparent.”

2.294 Similarly, Ofwat described our approach to Direct Procurement for Customers (“DPC”) as a

“high quality process, [providing] evidence of a thorough review with detailed cost tabulation of the schemes reviewed.”

2.295 We will use our BAF in conjunction with our updated Trading and Procurement Code, network Access Code and Water Resources Market Information to inform, enable and engage with potential entrants in the markets for new water resources, access services, demand management leakage services, and bioresources; we will launch our BAF in April 2020 and review its impact by April 2021. We continue to support Ofwat in its development of DPC, refining the methodology and the associated licence conditions and other documents. We expect to employ a DPC approach to some of our planned investment in AMP8. We will also use DPC as a spur to consider how we might improve outcomes for our customers in the longer-term.

2.296 It is important to note the wide extent to which water resources and water services are regulated, and the profound importance of water to customers, inevitably throws up many and varied challenges to successful markets. Thames Water is keen to continuing working with all relevant parties to address these challenges and welcomes the creation of RAPID to remove barriers and promote sustainable outcomes for all customers.

Wastewater market

2.297 The wastewater market (including bioresources) is less mature than the water market. We see this as an opportunity to exploit our skills and position to benefit customers. Ofwat has praised our plans for bioresources trading, where we are working with neighbouring appointees, specialist technology suppliers and other Organic Waste treatment operators to identify potential opportunities for trade. Three examples are:

- our project with a biogas company to explore whether we can inject gas from our Deephams wastewater works into the national grid
- a project to use the biogas to convert into vehicle fuel, and
- we are examining a proposal with a local authority to create a district heating grid

2.298 Each of these projects is progressing, with the ‘gas to vehicle fuel’ most advanced at the contract-award stage. Notable about each of these projects is how initial discussions around bioresources can spur innovative thinking about alternative options and other new markets – for instance, the district heating grid project is focusing on waste heat recovery from our treatment

⁹¹ Ofwat: Thames Water Test question assessment Jan 2019



centre, in the short term, with the use of biogas developed later as the local authority site expands.

2.299 We are also supporting the growing NAV market for waste treatment services, for example by taking sludge from the Severn Trent Connect's Aldershot site to treat at our Basingstoke centre. We have used this venture to highlight the issues specific to sludge trading (such as understanding tankering logistics when both sites have different operating regimes), so we will be better prepared for future trades.

2.300 In addition to our active participation in the market, we also play a prominent role in industry groups, including

- The Biosolids Assurance Scheme (BAS)
- Thames Water is one of six water companies who run Assured Biosolids Ltd to manage BAS on behalf of the rest of the water industry. Its purpose is to provide food chain and consumer reassurance by ensuring delivery of nutrient benefit to agriculture through operational transparency and consistency
- The Anaerobic Digestion and Biogas Association
- This was set up to represent the Anaerobic digestion and Bioresources industry. Thames Water has been a member on the Advisory Board
- The Environment Agency Sludge and Organic Waste group
- We are a member of this group which is looking to refresh the current sludge treatment and recycling regulations, to allow greater opportunities to open up organic waste markets
- The European Sustainable Phosphorus Platform group
- We are members of this group tasked with looking at how phosphorus in sewage sludge can be better utilised as a product

2.301 Finally, we note that we are also active in providing support to other parties to explore opportunities collaboratively and to enable them to strengthen their understanding of the bioresources market. For example:

- We meet our neighbouring WaSCs regularly to discuss trading opportunities and we have put plans in place to allow short term emergency trades to happen without complicated contracts being needed
- We have also fed into proposals by BMA and Jacobs around a sludge trading brokerage service, to help them better formulate their ideas
- We have provided advice to South West Water following their request to us after reading our Business Plan, on how to develop a sludge strategy and think about markets
- We are helping DCWater, an American firm, develop a sludge treatment and disposal strategy



Fats, oils and greases (FOG)

- 2.302 We are aiming to divert FOG from our network to minimise blockages/pollutions and to reduce the demand on our WWTW. There are already well-established markets for used cooking oil, but there are limited disposal routes available for low-grade FOG (which has a high-water content or is contaminated with organics and other materials).
- 2.303 Collections of FOG are not widespread (particularly for small quantities generated by households); we are unlikely to play a direct role in this market but we have identified that a lack of disposal routes is a barrier to the development of the market.
- 2.304 To tackle this we have built a FOG reception plant at Long Reach STW (note that this was built by TWCSL and we are currently looking to transfer the asset to TWUL) which will dewater low grade FOG for onward sale (to be used as a fuel directly or refined into biofuel) or utilisation in our digesters (although it should be noted that the latter is limited by environmental regulation/permitting requirements). Work is ongoing on our strategy.

Non-potable re-use/grey water recycling

- 2.305 We have an imperative to reduce per capita consumption (PCC) and NPR has the potential to substantially impact this (up to 30% reduction in household consumption). It is unlikely that Thames will want to take on responsibility for owning, installing or maintaining in-home grey water recycling systems, however, we are looking to help facilitate this market and see how this can help us in our wider objective. Grey water recycling has the additional benefit of reducing the load on our wastewater network (i.e. potentially reducing the need for capacity upgrades).

Renewable energy market

- 2.306 We already self-generate a proportion of our power from renewables, predominantly from sludge but increasingly from PV. As we strive for net carbon neutrality, we will need to materially increase our generation from renewables which will change the way we engage with the renewable energy market.
- 2.307 We will likely increase the amount of power we export and we are actively exploring export of raw biogas.
- 2.308 There is also scope to upgrade or transform the gas that we produce, allowing us to export directly into the natural gas network and participate in hydrogen networks in the future.
- 2.309 Energy storage (either directly through batteries or by changing the way we use energy) is also a substantial opportunity for the water industry and we can provide valuable grid balancing services in this way.



E List of submitted documents

Annex B

TMS_AnnexB_Q4_Market Steering Board meeting 25 Sep 2017 Engagement plan full pack
TMS_AnnexB_Q4_NHH Market Steering Board ToR
TMS_AnnexB_Q4_NHHMB 20170925 - Minutes

TMS_AnnexB_Q5_FINAL 091018_Performance_Rectification_Plan_THAMES-W
TMS_AnnexB_Q5_MPS7 IPRP May19
TMS_AnnexB_Q5_B5_MPS3
TMS_AnnexB_Q5_IPRP_2019-10-22_THAMES-W_MPS3_IPRP-submission

TMS_AnnexB_Q6_CELT OPS & MPS Performance_Apr 19
TMS_AnnexB_Q6_Customer Operations Performance Meeting_9.10.19
TMS_AnnexB_Q6_WMS Performance Meeting_14.5.19
TMS_AnnexB_Q6_Extract from Thames Water Board Report September 2019
TMS_AnnexB_Q6_NHH Steering Board Slides 06.11.18

TMS_AnnexB_Q8_OPS Sign off Sheet February 2019

[REDACTED]

TMS_AnnexB_Q12_Ofwat response good practice guide review v0.2

TMS_AnnexB_Q13_2 Q13 Bi-laterals industry questionnaire March 2018
TMS_AnnexB_Q13_4 Q13 Digital_Strategy_Committee - Bilaterals design workshop - 8th May 2018
TMS_AnnexB_Q13_Digital_Strategy_Committee_DSC01.3
TMS_AnnexB_Q13_MOSL RFI 21012019

TMS_AnnexB_Q14_Disconnections and Reconnections Policy v2.4
TMS_AnnexB_Q14_Non household customer side leakage policy v3.6
TMS_AnnexB_Q14_Trade effluent policy v3.2
TMS_AnnexB_Q14_TW Market Audit site visit report Final

TMS_AnnexB_Q16_Completed WTD & WSO Questionnaire
TMS_AnnexB_Q16_Questionnaire
TMS_AnnexB_Q16_Retailer Forum

Annex C

TMS_AnnexC_Q1_Appendix 3_Quote letter template
TMS_AnnexC_Q1_Appendix 5a_Face to face competition training for DS Nov 2018
TMS_AnnexC_Q1_Appendix 5b_TW E-learning competition training 2019 screenshots
TMS_AnnexC_Q1_Appendix 5c_Compensation Compliance Factsheet (2018-19)
TMS_AnnexC_Q1_Appendix 5d_Compensation Compliance Manual 2018-19
TMS_AnnexC_Q1_Appendix 5e_Compensation Compliance Policy
TMS_AnnexC_Q1_Appendix 5g_Alliance Partner Compliance Policy

TMS_AnnexC_Q2_Appendix 1_Code of Adoption (Sewerage) presentation, Water UK, Nov 2018
TMS_AnnexC_Q2_Appendix 2_Improving the developer experience presentation, Utility Week Live May 2019
TMS_AnnexC_Q2_Appendix 3_TW response to behavioural improvements project recommendations report
TMS_AnnexC_Q2_Appendix 4_D-MeX presentation at Ofwat Water UK Developer Day 21 Oct 2019
TMS_AnnexC_Q2_Appendix 5_Positive feedback on TW Developer Services

TMS_AnnexC_Q3_Appendix 1_Classification of brownfield and greenfield

TMS_AnnexC_Q6_Appendix 1 - TW response to Ofwat RFI Design Services for Self Lay 25.1.19
TMS_AnnexC_Q6_Appendix 2 - Detailed review of Emma Kelso letter 29.4.19



TMS_AnnexC_Q6_Appendix 3 - Summary review of Emma Kelso letter 29.4.19

TMS_Annex C_Q10_Appendix 1_IPS_1B-#1391143-v1-BSA_(Guarantee)_09_09_19
TMS_Annex C_Q10_Appendix 2_IPS_1B-#1391146-v1-BSA_(Deposit)_09_09_19
TMS_Annex C_Q10_Appendix 3_IPS_1B-#1391147-v1-BDA_in_OWC_area_(Deposit)_09_09_19
TMS_Annex C_Q10_Appendix 4_IPS_1B-#1391148-v1-BDA_in_OWC_area_(Guarantee)_09_09_19
TMS_Annex C_Q10_Appendix 5_IPS_1B-#1391149-v1-BDA_in_TW_area_(Deposit)_09_09_19
TMS_Annex C_Q10_Appendix 6_IPS_1B-#1391152-v1-BDA_in_TW_area_(Guarantee)_09_09_19

[REDACTED]
TMS_AnnexC_Q12_Appendix 02a_Developer Day 7 Feb 2019 slides
TMS_AnnexC_Q12_Appendix 02b_Slido poll results Developer Day 7 Feb 2019
TMS_AnnexC_Q12_Appendix 02c_Example 2019 DD email invite to non subscribers (a one-off)
TMS_AnnexC_Q12_Appendix 03a_Developer Scrutiny Panel 10 July 2019 slides including minutes
TMS_AnnexC_Q12_Appendix 04a_Ask the expert appointments Oct 2018 to Sept 2019
TMS_AnnexC_Q12_Appendix 04b_Ask the expert roadshow ([REDACTED] slides 15 May 2019
TMS_AnnexC_Q12_Appendix 05a_Developer newsletter 23 Sept 2019
TMS_AnnexC_Q12_Appendix 07_DS 2020 Charging Arrangements - independent consultation Sept 2019
TMS_AnnexC_Q12_Appendix 08_DS 2020 connection charges workshop 13 June 2019 slides including minutes
TMS_AnnexC_Q12_Appendix 09a_Self-lay newsletter 2 Sept 2019
TMS_AnnexC_Q12_Appendix 10a_Self-lay forum 25 Sept 2019 slides
TMS_AnnexC_Q12_Appendix 10b_Slido poll results self-lay forum 25 Sept 2019
TMS_AnnexC_Q12_Appendix 11_Code for adoptions workshop 20 Nov 2018 slides
TMS_AnnexC_Q12_Appendix 12_Self-lay engagement meetings
TMS_AnnexC_Q12_Appendix 13a_Charging consultation launch message to NAVs
TMS_AnnexC_Q12_Appendix 13b_TW Stakeholder newsletter- Focus on dry weather message to NAVs
TMS_AnnexC_Q12_Appendix 13c_NAV Wholesale tariff document release 1 message
TMS_AnnexC_Q12_Appendix 13d_TW NAV Tariff Document NAV Service Offering 1
TMS_AnnexC_Q12_Appendix 13e_NAV service offering- 2nd draft release
TMS_AnnexC_Q12_Appendix 14_NAV Portal
TMS_AnnexC_Q12_Appendix 15_NAV Open day - Final slide deck 2018

TMS_AnnexC_Q14_Appendix1a_Internal playback sessions for Water Code for Adoption Stages
TMS_AnnexC_Q14_Appendix1b_Internal playback sessions for Water Code for Adoption Stages
TMS_AnnexC_Q14_Appendix 2_Self-lay Letter Templates
TMS_AnnexC_Q14_Appendix 3_CfA Waste Sewer Adoption process